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DIGEST OF TARIFF HEARINGS

BEFORE THE
COMMITTEE ON FINANCE
UNITED STATES SENATE

ON THE
BILL H. R. 7456
SIXTY-SEVENTH CONGRESS
FIRST SESSION

TESTIMONY, BRIEFS, AND LETTERS

PREPARED BY THE
UNITED STATES TARIFF COMMISSION
FOR THE USE OF THE
COMMITTEE ON FINANCE



WASHINGTON
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Office: Old Land Office, Seventh and E Streets NW., Washington, D. C.

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JOHN F. BETHUNE, *Secretary.*

LETTER OF TRANSMITTAL.

UNITED STATES TARIFF COMMISSION,
Washington, May 18, 1922.

HON. P. J. McCUMBER,
Chairman Committee on Finance, United States Senate,
Washington, D. C.

SIR: In compliance with request of the Committee on Finance, the Tariff Commission transmits herewith a digest which it has prepared of the hearings before that committee upon the bill H. R. 7456, and of letters, briefs, and other communications filed with the committee on the same subject.

Very respectfully,

THOMAS O. MARVIN, *Chairman.*



FOREWORD.

The following digest of hearings, briefs, and letters before the Committee on Finance on the bill H. R. 7456 has been prepared by the United States Tariff Commission pursuant to a request by that committee.

The digest naturally falls into two main divisions, as follows:

1. Testimony and a list of communications expressing views on American valuation as a basis for assessing duties ad valorem.

2. Testimony, briefs, and letters arranged in order of paragraphs.

As a caption under each paragraph number are given the subject involved and a list of the witnesses appearing for opposing interests. This is followed by the digests of the material presented by the several witnesses in the order listed as above.

The page numbers cited in the digest refer to pages in the revised edition of 16 volumes covering the oral hearings.

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DIGEST OF TARIFF HEARINGS ON THE BILL H. R. 7456.
BEFORE THE COMMITTEE ON FINANCE, UNITED STATES SENATE,
SIXTY-SEVENTH CONGRESS, FIRST SESSION.

AMERICAN VALUATION AS THE BASIS FOR ASSESSING DUTIES AD VALOREM.

[Title IV, section 402.]

Witness: Hon. Thomas Walker Page, Chairman United States Tariff Commission.

Hearings: Pages 2-29.

Referring to the Tariff Commission's report on the subject of American valuation, the witness observed that, the proposition being new, information is obtainable thereon only in meager quantities. In those countries where goods are appraised for duty at their domestic value the duties are low and do not form part of what is known as a protective tariff. Consequently, the Government can afford to be much more liberal than would be possible here in their appraisements and interpretations. Conditions in India are similarly inapplicable; the values of hides for export are there proclaimed by the Government, thus practically converting ad valorem rates into specific. As regards the adoption by the United States of the plan under review, the witness believes that it would be as easy to appraise the great bulk of staple commodities at their American market value as at their foreign value, but difficulties would arise in the case of specialties and new designs. These difficulties, which exist under the present system of foreign valuation, would be repeated in different form under the American valuation plan.

Replying to questions as to the amount of undervaluation under the present system, the witness believed this to be very small in relation to the amount of goods paying full duty on full value. As to the possibility of undervaluation under the American valuation plan, the witness expressed the belief that "any tax of any kind that is based on value is based on an unstable and insecure basis." At the same time he credited this country's appraisers with having acquired an astuteness and a body of information enabling them in nearly all cases to appraise imported goods at their actual foreign value.

The witness does not regard German governmental efforts to fix export prices far in advance of local selling prices as affording reasonable data for judgment. The working of the system has been attended with great irregularity and uncertainty and the suc-

cess of the step appears to be very doubtful. Again, he regards it as almost impossible to base legislation upon the cost of production, either in this country or abroad—such cost being highly evasive and difficult to reach. But, even with American valuation, he does not think that the incentive to lower the cost of domestic production would be substantially lessened. Neither does he believe that, even with the present wide discrepancy in exchanges, there will be a tendency in the future, more than in the past, to undervalue imports. The desperate needs of foreign countries will compel them to sell at the highest possible prices.

The witness's position in regard to the argument that American valuation is equivalent to increased duties was thus stated: "Inevitably if you change the basis from a lower to a higher without changing the rate you necessarily raise the amount." Under the American valuation plan, however, the same amount of duty would be paid on identical articles, irrespective of widely varying production costs and rates of exchange. In the absence of that plan, "the same article coming to this country from England would pay on a foreign value a much higher duty than the same article if it came to this country from Germany." The great argument in favor of American valuation is that it will remedy, to some extent, the foreign exchange difficulty—"you are penalizing the American consumer if you compel him to purchase under the same tax his goods in a country of high production as in a country of low production."

The witness proceeded to quote what he considered to be the chief objection to the American valuation plan—its difficulty of enforcement. The relation between American and foreign valuation is not known at the present time, and it can not be predicted what it will be two or three years hence. While unaware of any better way to meet the situation, he is still of the opinion that the American plan will fall short of doing so. Methods would have to be worked out by the appraisers, who would be given a great deal of responsibility and power. Given enough time, the American valuation can be made to work in the United States, just as the foreign valuation has been. The plan has been thought of by many for very many years.

Witness: Hon. William Burgess, Member United States Tariff Commission.

Hearings: Pages 29-45.

Radical as the proposed change of base to American valuation may appear to be, the witness believes that the apparent difficulties can be overcome. Such a change is called for by the loss of revenue to the Government through undervaluation, the loss to American industries of the adequate protection intended by Congress, and the intent and purpose of some foreign manufacturers to deceive United States customs officers and investigators, not wholly unassisted by certain foreign Governments. The witness regards the undervaluation factor as much more serious than many believe.

The principal reason, however, for making the proposed change is the difficulty of securing the foreign market value. So long ago as 1912 an appraisement commission, appointed by Secretary Mac-

Investigation of foreign valuations, showed the

futility of consular certificates and foreign chamber of commerce reports and that the knowledge of the United States appraiser was based almost entirely upon the importer's invoice. There are foreign goods to-day coming into this market which, when sold here, show a profit of from 100 to 300 per cent of their factory cost.

Among further advantages of the American valuation plan is the much lower rate of duty required than when assessed upon foreign valuation. This would tend to correct present popular misconceptions in regard to the percentage actually paid in the form of duties. There is no intention of keeping the same rates applied to American valuation that are now applied to foreign valuation. Another accruing advantage would be that, instead of dealing with foreign manufacturers and agents, the Government would be in close touch with American manufacturers and wholesale dealers, who would furnish needed information as required. The power to secure facts would be in the hands of United States officials, who could compel attendance of interested parties and who could punish for established failure to produce evidence or for perjured testimony. A much larger revenue could be obtained and the amount of protection would be increased. Other advantages were brought out by the witness, who dealt with the several objections propounded by opponents of the American valuation plan.

Witness: Mr. Charles E. McNabb, Law Officer, United States Tariff Commission.

Hearings: Pages 45-52 and 64-72.

Closely examined, the present system of valuation is far from perfection. Not only are foreign values often unknown to appraisers, but importers repeatedly seek relief for undervaluation on the plea that they, too, were ignorant of those values, which may have changed since the date of agreement to purchase. This condition applies also, though in a lesser degree, to "consigned" as distinguished from "purchased" goods. Importers ask for certainty, not obtainable under the present system.

Another difficulty arises in the case of the large body of imports having no ascertainable foreign market value, such as goods manufactured abroad for further manufacture in the United States. In many such cases the selling price is not available, for none may exist. Reliance upon invoices means simply a reliance upon foreign sources of value, a process involving very little delay or mental effort, but obviously open to objection.

It may be said that the effect of the proposed new system will be to waste all the information now in the possession of appraisers and to make a fresh start necessary for these officers, but the witness does not take that view. A further objection, that importers will be burdened with added obligations in regard to valuations, is met by the provision in the bill under which an advisory appraisal, carried into the entry by the importer, will relieve him from all additional duties for undervaluation innocently made in error. He will, under the bill, know better than at present what he will have to do and what he will have to pay. At the same time, the witness does not expect overnight a complete and successful substitution of the new system for the old. There will be difficulties in determining what goods are comparable and competitive, the

former especially. The appraiser will have to find or appraise a value fairly representative of the United States market value. "He can always find a value. He can always appraise."

The witness believes that the risk of manipulating prices is covered by the terms of section 402 of the bill in so far as a combination to raise prices for the purposes of appraisement is concerned. For the rest, the evils apprehended are committed also under the present system, and some attention has been given to remedying them. The same section of the bill deals with the question of determining what are the principal markets of the United States. Divergent values in such markets would be taken into account by the appraisers.

Witness: Hon. William S. Culbertson, Member United States Tariff Commission.

Hearings: Pages 52-64.

The witness recognizes the importance of the proposed basis of valuation in relation to the very disturbed economic conditions in foreign countries. While feeling that it will tend to help in meeting these unusual conditions, he does not regard the proposed plan as a panacea. It has always been difficult, even under normal conditions, to establish costs, here or abroad, but the difficulty is increased by the diversity of exchanges, by the creation of subsidies, and by the imposition of restrictions on commerce, all interfering with the regular courses of trade. The effects of these factors are far-reaching. A German mark, for instance, may have a value of 4, 5, or 6 cents in paying wages to German workmen or for the purchase of goods in Germany, while worth only 1½ cents in international exchange. These conditions were being studied by the Tariff Commission on the basis of data recently brought from Europe by two members of the staff. While Germany is placed at a disadvantage under these conditions in buying raw material in countries where the value level is higher, she is bound to have for many years a very decided advantage in the fabrication of goods in which labor heavily preponderates. The smaller industries would be specially benefited.

The plan under review is one means designed to meet an unprecedented situation. The inherent difficulties are real, but not insuperable; more objections could be raised against the change from domestic to foreign valuation than in the reversed direction now proposed. No doubt there will be friction for a time; things will not run immediately as smoothly as under the existing, long-established system, but the customs officials would soon be ready to administer the system. There are a great many appeals under the present system and the necessity of some basic decisions must be anticipated, especially as regards the expressions, "comparable" and "competitive."

The witness discussed in some detail the potential operation of certain provisions by way of illustrating his views and referred to investigations under way in New York with a view to effective comparison of foreign and domestic values. This feature has a bearing upon a prevalent assumption that American valuation would establish a higher level of value than exists abroad. There are cases where the foreign value is as high as, or even higher than, the American goods.

The cases in which America has no comparable and competitive goods constitute a problem. It might be advisable to put on as many

specific duties as possible and then select another field of proclaimed and official values, fixed by some organization, commission, or bureau keeping closely in touch with foreign markets.

The witness does not see at this time any very great danger of combinations of American manufacturers to take advantage of the plan. Foreign competition would prevent "pyramiding" here, although it is difficult to get at the jobber and the retailer.

Witness: Hon. Thomas O. Marvin, Vice Chairman United States Tariff Commission.

Hearings: Pages 72-85.

The witness detailed the present organization of the United States customs service, with particular reference to the appraising and collecting of ad valorem duties on imports. The present system involves the securing of foreign wholesale prices by an inadequate force of six foreign agents, experts in their line and having many years' experience.

The plan now proposed would abandon exclusive reliance upon the value of goods abroad, substituting for this an effort to obtain the value of comparable and competing articles in this country. This does not change the real basis of the work, but merely transfers the field of operation, with obvious advantages in proximity and familiarity.

Even if it be assumed that the present free list of 60 per cent of American imports be reduced to 50 per cent, it must be remembered that, of the latter proportion, a very considerable number will bear specific duties and consequently be beyond the scope of the plan. The witness discussed this feature in considerable detail, with especial attention to the textile schedules, in which complications, if any, would be most likely to occur. He laid stress upon the ability to ascertain American prices as the nub of the proposition, and referred to various United States official publications as already yielding comprehensive data in this field.

Meeting the suggestion that American manufacturers might raise their prices to an exorbitant degree in order to increase the duty on the imported article, the witness referred to the competition of American producers, to foreign competition, and to the always possible refusal of purchasers to buy at prices beyond a reasonable limit. He regards the plan as essential either for protective or revenue purposes.

Undervaluation, the witness observed, is prevalent in both small and large transactions—an evil which will be eliminated by the adoption of American valuation.

Witness: Mr. George C. Davis, special agent in charge, Port of New York.

Hearings: Pages 85-123.

The witness's official duties include the charge of the Comparative Value Report Bureau. He does not regard a mere enumeration of rates as any fair test of the difficulties in the way of American valuation; he emphasizes the difficulties of administration and in adjusting rates to meet the new plan. The proposed application of the domestic value to the imported value would involve an immediate and exhaustive search throughout the markets of the United States for comparable and competitive domestic articles; not u

then would it be legally practicable to resort to the alternative method of appraisement in the bill.

Much time and extra help would be required for such an investigation as must precede actual operations under the proposed plan. After that, a greater expenditure of time than is now given would be necessary to examine merchandise brought in under the new conditions. He thinks the present system capable of improvement, but not by the method proposed in the bill. Entirely new values would have to be set down and, for some time, at least, every one of them would be litigated. More than this, a week or two's delay would tie up the import commerce of the country to a serious extent.

Another difficulty arises from the enormous volume of imports—valued at \$130,000,000 per annum—reaching this country through the mails by parcel post. The private invoice now largely depended upon in appraising this class of merchandise would be valueless under the new plan. The witness went in detail into typical instances illustrating the difficulties to be confronted in the determination of values by either of the methods outlined in the bill. One possible result would be the driving out of the American wholesaler by the foreign agent or branch house, taking only their foreign mill profit. It would be necessary to increase the number of attachés in foreign countries under any modification of the existing system aiming at a closer approximation to foreign values by a process of building from the American selling price. This is the witness's suggestion for the American selling price plan. The Treasury Department would, in any case, have to use their special agents' services, the more so as the examiners could not leave their work to gather data for administering the new law. It might be possible with an expenditure of \$27,000 to collect these data in three months, an important feature being to determine the reduction in rates to fit the higher valuation basis. Even with 60 or 70 adequately paid men specially assigned to live abroad, some slight improvements on the present system would be necessary to cover closed markets. The information collected by these men would be useful apart from tariff considerations. As regards the question of exchange, the witness believes that the rates of duty in the Payne-Aldrich bill, if carried into the bill under discussion, would provide, many times over, for the difference of exchange in cost of manufacture.

Witness: Mr. Thomas H. Eddy, representing Marshall Field & Co., Chicago, Ill.

Hearings: Pages 123-131 and 185-186.

Asked for his views on the subject of American valuation, the witness observed that the firm on whose managing staff he is appears both as large domestic manufacturers and as heavy importers. The firm has manufacturing plants in seven States of the Union, but none abroad. The manufacturing business is several times the import business.

It is an essential and necessary part of the firm's business to sell for future delivery—sales in the spring being intended for late summer and fall. Similarly, as regards buying, the witness can see no way of buying in European markets with any certainty of what costs and domestic prices will be at the time of selling. The

goods must actually arrive and pass through the customhouse to determine these factors. To some extent the firm imports textiles competing with those which it manufactures, but most of its importations are noncompetitive with what the firm makes in this country.

The firm would be satisfied with any reasonable rate of duty, but feels that the bill as drawn does not meet requirements. In illustration of this position, the witness cited several imported articles on which the amount of duty, under the bill, would range from 65 to 177 per cent of the foreign cost—the price paid abroad by the firm. He also filed a table showing the foreign prices paid for imported commodities in 1914, 1920, and 1921, with due relation to current rates of exchange in each case.

Witness: Mr. Jacob de Jong, president of the Flower and Feather Manufacturers of America.

Hearings: Pages 132-150.

Admitting that there are obstacles and difficulties in the way of American valuation, the witness believes that if it had been in operation for a hundred years it would be more perfect and effective than the present system, which has been operating for that length of time. There is no certain knowledge of foreign values on the part of officials, added to which is the inequality arising from lowered foreign exchanges. In the witness's native country—Holland—the system of assessing ad valorem duties has always been on the value in Holland itself, and he knows of no reason why American wholesale market values can not be ascertained as easily as the foreign market values throughout the world. With only six Treasury officials scattered throughout the world—of whom only one is in Germany and one in Japan—the witness doubts the feasibility of the latter function. Even if 50 men were assigned to Germany alone it could not be done. Enormous stocks of German goods, such as artificial flower wreaths, accumulated during the war, are now being sold to this country below the cost of the raw material. On the other hand, American business of this character, limited before the war, has developed tremendously and, owing to the cited conditions, the goods so produced can not find a market. The witness's own establishment is practically closed. The gross sales of the 200 American manufacturers of these goods might amount to \$18,000,000 per annum before this German competition arose.

The witness referred to the difficulty likely to arise from large importations by parcels post, previously stated by another witness at \$130,000,000 value per annum, and to the tendency under the existing system of assessing on foreign value, of excluding imports from countries which are this country's largest customers; that is to say, the countries having depreciated currencies would be favored. Another consideration is that of \$5,270,000,000 total imports into the United States \$4,500,000,000 will not be in the slightest degree affected by American valuation.

American manufacturers can meet all the world in competition, but they are unable to produce their labor on the same level. German newspapers are filled with advertisements and some factories have more American orders than they can possibly fill. The element

of depreciated currency enters largely into this condition, and the witness knows of no means of meeting it except by the adoption of American valuation. While that system is new and to a certain extent revolutionary, it is not as revolutionary as are world conditions to-day. The witness discussed means by which the adoption of the system could be facilitated.

Witness: Mr. Patrick H. Quinn, representing (as president) the American Lace Manufacturers' Association.

Hearings: Pages 150-153.

This American industry is largely the result of the Payne-Aldrich tariff law, which took off, for one year, all duties on lace machines. Investors have been paying for their innocence ever since. One merit of the plan now under review—American valuation—is that it will give this country the same protection against Germany as against England or France. It is scientifically, legally, practically and, from an American standpoint, the proper method. He minimized the alleged difficulties of its application, arising from a misconception of the number of patterns or varieties in manufacture, and stated that a couple of lace salesmen in New York could furnish the committee in a week's time the market value of every kind of lace sold in that city.

Witness: Mr. H. A. Phillips, representing the American Fabrics Co., Bridgeport, Conn., and the American Lace Association.

Hearings: Pages 155-157.

The interests represented believe the American valuation plan to be easier of administration, insuring more reliable protection by reason of its stable basis. The amount of the duties to be collected under it will depend entirely upon the rates. He agrees with Tariff Commissioner Burgess's formula for computing the amount and percentage in a given case. Within three months after its enactment the American valuation plan will prove easy of administration.

Importations of lace from Germany and other parts of Europe have so increased that the company's former customers no longer buy from it. Lace workers in Germany are probably getting the equivalent of \$3 per week in wages.

Witness: Mr. John R. Rafter, representing the Lace and Embroidery Association of America.

Hearings: Pages 158-170.

The association's membership embraces 39 businesses in New York City and one in Philadelphia, all engaged in importing and dealing in laces, embroideries, etc. The witness filed data, derived from replies to a questionnaire, showing aggregates as follows for embroidery plants controlled by five association firms in this country: Workers employed, 2,080; yearly output, \$6,575,000; capital investment, \$2,978,000. The represented interests believe that, if the American valuation plan goes into effect, they will be compelled to stop marketing their goods. This conclusion is based on the character of the goods imported by these interests—articles of fashion, goods highly seasonal, novelties, and specialties. The goods with very few exceptions are made to order by the foreign manufacturers and take from three to six months to produce. Consequently, merchants must know costs in advance, these including the duty. The

witness argues that, as regards the item of duty, this determination will not be so easy under the American valuation plan as under the existing system.

The witness filed a brief in which the administrative difficulties of the new law and the hazard entailed by importing under its provisions are discussed at length. The danger of commercial invasion from Germany, or countries similarly situated, is believed to be grossly exaggerated and, in any case, the remedy applied should not be worse than the disease.

Witness: Mr. Henry Howard, representing the Manufacturing Chemists' Association of the United States.

Hearings: Pages 170-175.

The witness is immediately connected with the Graselli Chemical Co., Cleveland, Ohio, manufacturing heavy chemicals, acids, dyes, and intermediates. The association represented bears in mind that the adoption of domestic value as the basis for ad valorem duty rates has been advocated by leading American statesmen during the past 100 years and believes that never in the country's history have the advantages of that procedure been so apparent as to-day, when values in foreign markets are unstable and distorted as a consequence of depreciated currencies. As regards the difficulties imputed to the plan, whatever of these may be encountered in obtaining a fair domestic value can never be so great on the average as those inherent in the present system. Flagrant undervaluation exists, which it is practically impossible to prevent. An objection in another direction is based upon the supposed possibility of discrimination against other countries, treaties with which call for equality of treatment; but if there be anything in that argument, it carries with it the admission that the present system of specific duties is the grossest discrimination, ignoring as it does the divergence of market values in different countries. Discrimination against high-cost countries prevails under the system of foreign valuation.

It seems more likely that a close and accurate statement of value can be obtained from an importer declaring on American valuation than from a declaration referring to a value existing 10,000 miles away. The machinery required for the former procedure would obviously be simpler than that demanded by the latter.

Witness: Mr. Clement J. Driscoll, representing the Liberty Lace & Netting Works.

Hearings: Page 175.

The witness, describing the importer as a jobber and distributor, dissociates himself from the idea that American valuation would drive the importer out of business. A complete embargo would make no difference to the importer; all he has to do is to substitute the tag "Made in America" for "Made in Germany." American producers are in competition not with the importer but with the European manufacturer. The company represented by the witness urges the adoption of the American valuation plan.

Witness: Mr. Dudley Harmon, representing the Manufacturers' Association of Connecticut.

Hearings: Pages 175-177.

The association, representing about 800 manufacturers of the State, believes American valuation to be essential to adequate protection of

Connecticut industries. The establishments making up that body employed in 1920 more than 250,000 men and women, and their aggregate capitalization is nearly \$1,000,000,000. Recent reports from more than 200 plants showed an average operating schedule of only three and a fraction days per week, with forces reduced from one-fourth to three-fifths or more. Many plants are closed this summer (1921) from two weeks to indefinite periods. No conceivable sacrifice of profits, no change in operating methods or wage schedules, would meet the foreign underselling to which Connecticut manufacturers are now subjected.

Witness: Mr. Thomas M. Lane, representing (as attorney) the Madeira Embroidery Importers, New York City, and other importers.

Hearings: Pages 177-185.

Up to 15 years ago the Germans controlled the Madeira embroidery industry, but American capital invested abroad has now largely displaced German. The industry is peculiar to the island of Madeira—women working at low wages. There is no competitive article in this country. The essential characteristic of novelty, a constant development of new designs and new articles, makes the application of the American valuation plan to this industry peculiarly difficult. Importers believe that they will be absolutely unable to determine what the American selling price will be. This, too, notwithstanding that there is practically no competition in this country. The goods are not sold on sample.

Mr. David Metzger, president of the Madeira Embroidery Co., here interposed the remark that a manufacturer can not tell what the profit is going to be in imported goods; nobody can determine that.

Mr. Lane, continuing, said he regarded the present system, modified as it is by speculations with respect to currency valuations, as embodying one of the most ideal appraisement methods in force in the world. Opinions to the contrary generally emanate from persons having no experience in foreign values and who greatly exaggerate the attendant difficulties. The bulk of American import trade is in the hands of highly honorable men, jealous of their reputation and sincere in their respect for law. The witness expressed the belief that, as a general economic principle, commodities retain their gold values irrespective of the fluctuations in exchange.

The witness filed a brief, in which it is stated that the bill in its present form will cut off a large source of revenue to the Government, which received in 1920 duties exceeding \$2,000,000 on Madeira hand embroideries.

Witness: Mr. J. F. Zoller, representing (as attorney) the American Valuation Association, New York City.

Hearings: Pages 186-197.

The association formed "two or three months ago"—say, May, 1921—is comprised entirely of manufacturers, over 100 in number. The witness went at length into prewar and present German mark values and German wages, quoting, in part, from the official bulletin, *Wages, 1921*, of the Ways and Means Committee. "The German to-day," he said, "can sell \$100 worth of goods in this country and take that \$100 and buy much more labor to-day in Germany with it than he could in 1914. An ad valorem duty imposed in 1914 upon a

foreign value at a rate adequate at that time would constitute no protection to-day against German importation."

One advantage derivable from the American valuation plan would be that more duty would be got from the low-price country without placing a corresponding burden upon the American consumer. Another is that it will have a tendency to reduce retail prices by educating the American people as to wholesale prices. The plan would, to a very great extent, prevent undervaluation.

It has been urged as a disadvantage that the proposed plan would result in imposing more duty upon imported articles; that will all depend upon the rate of duty, whether fixed upon American or foreign valuation. As regards the difficulty of determining American values, the witness believes that function will be easier, though possibly more expensive, than the present determination of foreign values. He does not believe that, as has been alleged, the American valuation plan would enable the American producer to write the rates in the bill.

The witness filed a brief, recapitulating in considerable detail the arguments presented in his testimony.

Witness: Mr. Charles A. Bihler, representing the Allied Lace & Embroidery Manufacturers' Association of New York and the United States Lace & Embroidery Manufacturers' Association of West New York, N. J.

Hearings: Pages 197-202.

The interests represented urge the adoption of American valuation because of the chaotic conditions in central European exchange rates leaving no other remedy available. Prices in Germany on the commodities personally manufactured by the witness are on the average about 30 per cent lower, measured in dollars, than prewar prices. The interested factories are not closed, but about 15 per cent busy; this is largely due to the low prices of goods from Germany, although wages in this country have been reduced to some extent. The Germans are subsidizing industries and labor by selling food products at a loss to the Government—a condition also applying to freight rates.

Witness: Mr. William P. Clarke, international president American Flint Glass Workers' Union, Toledo, Ohio.

Hearings: Pages 202-210.

During the war it has been possible to build up an industry, especially in the chemical branch, now standing practically idle because of ruinous foreign competition, actual or threatened. Unless the American valuation plan, or something better, is adopted there is no chance to compete with Germany, Czechoslovakia, and Belgium. Even 160 per cent duty would not adequately protect against the two former countries.

In the course of a personal investigation of conditions in Germany (Oct. 7, 1920, to Mar. 13, 1921), he had been told by the head of a glass concern there that he had that morning refused an order for 50,000,000 electric bulbs for America, being unable to supply the demand in his own country; otherwise, that ware would be coming here: Wages in the American industry have not yet been reduced, but reductions of from 20 to 33½ per cent are being asked by manufac-

turers. There are 10,000 skilled workmen, and for each of these at least six other workmen are employed.

Witness: Mr. Frederic E. Kip, representing the Pile Fabric Manufacturers of the United States.

Hearings: Pages 210-213.

Using for their product all known textile materials, the fabrics included in this manufacture are made in four of the large industrial foreign countries—Germany, France, England, and Japan. The represented interests consequently regard the adoption of American valuation as an imperative necessity. Under foreign valuation the situation will be simply chaotic, remembering that exchange rates as of July 27, 1921, show these percentages of depreciation from par: Russia, 99.8 per cent; Germany, 95 per cent; Italy, 78 per cent; France, 60 per cent; and Great Britain, 27 per cent. It is conceded that for the 20 years prior to the war Germany made more industrial progress than any country in the world, the United States not excepted. On a gold basis, the German workman is now receiving about one-fourth of his prewar earnings.

So far from these conditions applying to Germany alone, the witness believes that within two years of the restoration of more stable conditions in Russia that country will be able, with her depreciated exchange and under foreign valuation for duties, to land wheat in the United States at 50 to 60 cents per bushel—less than the labor cost alone to the American farmer. Some basis for American duties must be found which will not result in great and constant fluctuations, and this the American valuation plan will be able to effect.

Witness: Mr. Walter S. Hilborn, representing (as attorney) the Novelty Jewelers' Tariff Association.

Hearings: Pages 213-221.

The witness represents a group of 24 importers of novelty jewelry, opposing the American valuation feature of the present tariff bill. These importers take the view that the rate provided should adequately protect the American manufacturer, while not high enough to exclude novelty jewelry. The witness dwelt upon the difficulty in buying largely noncomparable articles, not knowing what their cost will be, landed in New York, possibly six or eight months later. He gave figures affording a comparison between the old and the proposed new method, tending to show that under the latter there would be nothing left to be paid the foreigner.

A brief filed by the witness substantiates and amplifies his oral testimony. The brief describes the effect of the Fordney bill as multiplying cost to such an extent as to prohibit the importation of any article bearing a substantial rate of duty. Consequently, the American valuation feature should be abandoned or, in the alternative, the rate of duty based upon the American selling price should be reduced to a point where the duty bears approximately the same proportion of the foreign cost as is borne by the present act.

Witness: Mr. Alpheus Winter, representing (as general manager) the Manufacturers' Association of Bridgeport, Conn.

Hearings: Pages 221-225.

The witness submitted a petition signed by 66 of the 92 members of the association, asking for the adoption of the American valuation

plan. The city is at a very low ebb industrially—fully 50 per cent below normal—a condition not wholly attributable to the cessation of war orders.

The petition describes the foreign valuation system as having always been a prolific cause of inaccuracies and consequent discrimination. It has the defect of forcing the Government to violate its obligation to admit the goods of certain friendly countries on equal terms and, on the other hand, converts this country into a dumping ground for the products of other countries having depreciated currencies. American valuation would, to a large degree, wipe out present customs duty inequalities by requiring like imports to pay the same dollars and cents tax. A continuation of the present system means the absolute extermination of certain industries. Reference is also made to the subsidizing of industries by the German Government, an added factor to the difficulty of effecting reasonable equality if foreign valuation be adhered to.

Witness: Mr. Frederick B. Wilcox, secretary and treasurer, American Textile Co., Pawtucket, R. I.

Hearings: Pages 225-230.

The company, employing about 450 hands, the largest United States plant manufacturing laces, veils, net, and kindred fabrics on Lavers machines, favors American valuation, with rates on raw material and finished goods in proportion. In the past, undervaluation has been the great trouble, and to this the exchange situation has been added. So bad have conditions become that, without American valuation, the lace industry in this country is doomed.

Exhibits covering prices of foreign yarns, operating results, etc., were submitted by the witness.

Witness: Mr. H. S. Bowie, representing the American Doll Manufacturers' Association, New York City.

Hearings: Pages 230-234.

Dolls are manufactured in only two countries—Germany and Japan—outside of the United States; the American industry is practically a war product. No dolls of the type imported into the United States are made in Japan except for exportation. This being so, their market value in Japan is absolutely unobtainable. On the other hand, it would be easy to adjust the American valuation on merchandise made in this country, especially as most goods imported into this country are manufactured from samples sent from here, with consequent ease in comparison.

Touching the relation of German to American wages, the witness quoted as follows from a long article in the Journal of Commerce and Commercial Bulletin, New York, July 29, 1921:

The current opinion that Germany (given complete freedom to export, which does not at present exist) could undersell the other great commercial nations is unquestionably correct, for, measured by their gold equivalent, German wages are indeed extraordinarily low. In May the average hourly wage of a skilled metal worker was 6.60 marks, which at present dollar exchange is about 10 cents gold.

As against this, the average wage paid in New York State for factory labor was about \$25, including both men and women, with a percentage slightly in favor of the women.

If American valuation goes through, nearly everybody will know what merchandise is going to cost. Drastic legislation of this type is needed.

Witness: Mr. H. C. Ives, representing the Toy Manufacturers of the United States of America (Inc.), New York City.

Hearings: Pages 234-243.

The witness characterized the opponents of American valuation as experts on foreign invoice value or importers and the proponents as experts on American market values or Government officials whose duties require them to weigh evidence. He regards the American business man as the one best fitted to determine American values; he buys his materials on that basis. Questioned as to the application of this to products not produced in the United States, the witness replied that the matter would then "be entirely up to the judgment of the customs officials. * * * If an article is not comparable with any other article in America, they have to use their own judgment."

The witness submitted a brief in which existing and potential business conditions are discussed in detail.

Witness: Mr. W. O. Coleman, president of the American Flyer Manufacturing Co., Chicago, Ill.:

Hearings: Pages 244-255.

The witness, as a manufacturer, asks for reasonable protection against present abnormal conditions, due to low foreign labor costs and depreciated currencies. His company is exclusively engaged in making toy trains, of which it made 875,000 complete outfits in 1920. At that time 400 persons were employed; to-day the plant is completely closed down. German trains are now coming in, since the first of 1921, at prices which divert business from American plants, even to the extent of canceling orders already booked. Detailed examples of comparative prices were cited by the witness, who stated, on the authority of the United States Bureau of Foreign and Domestic Commerce, that 11 months' imports of toys, ending May, 1921, amounted to \$9,122,000, as compared with \$4,931,000 for the corresponding period a year earlier.

The witness is confident that American valuation will give the American manufacturer a chance to continue in business; it will not inflate prices to the consumer. With American valuation a duty of 40 per cent would insure protection, while without it probably 100 per cent would be necessary.

Witness: Mr. Joseph F. Lockett, counsel for the New England Importers and Traders' Association (Inc.).

Hearings: Pages 255-263.

The organization represented has 100 members engaged in importing various kinds of merchandise into New England. The association is vehemently opposed to the bill. Neither as regards the alleged necessity of a greater degree of protection to meet abnormal exchange conditions nor as to the existence of undervaluation does it agree with the advocates of American valuation. The witness did not wish to discuss the exchange question if he could help it, another witness being scheduled in that connection, but he felt that there had been an absence of proof in the charges concerning undervaluation. Unexplained, he regards that term as

implying fraud on the part of an importer. In Boston, at any rate, cases of undervaluation are very rare. Undervaluation has become an obsession with some American manufacturers, among whom there has also been a tendency to believe that, because of the tremendous depression in business, the enactment of the American valuation plan will prove to be a panacea for all ills.

The witness suggests, in the event of American valuation being adopted, the insertion of a provision shifting the burden of proof. Then, when the Government raises the value upon appraisement, it would have to establish its case before the courts by a preponderance of evidence. That is the reverse of the present practice. The witness, with many years' experience in the trying of customs cases, has never had any difficulty in obtaining evidence of foreign value abroad; neither has the Government in the cases coming to his knowledge.

Witness: Mr. Thomas J. Doherty, representing the National Council of American Importers and Traders, New York City.

Hearings: Pages 264-299 and 339-342.

This organization of over 300 members, located in practically all the large and in some of the smaller cities of this country, is the outcome of a meeting held early in 1921. The present outlook is that importers will need all the assistance they can summon to their aid.

The council regards as its principal interest in pending tariff legislation the question of American valuation. In particular it is amazed at the proposed grant of power to the appraising officers under the second half of section 402 of H. R. 7456. The section is unsound economically and out of harmony with the canons of good business. It does not comport with the facts and realities of international commerce nor with the transactions of business life. It is manifest that an importer can not know what the prices prevailing are or will be a year or nine months hence. There may, too, be a comparable article at the time an order is placed, yet one may possibly be made in the interim, and the importer will not know on which basis his goods will be appraised.

Much depends upon the definition of the word "comparable." If "identity" is meant, say so; but there would be in that case a limited class that it is not worth while to upset the whole tariff system of the United States. A large part of the witness's time was occupied by a discussion of possible rulings on various imports, with particular reference to the difficulties likely to arise in regard to comparability and undervaluation. He regards undervaluation as a bugaboo that has been invoked at every tariff hearing since time out of mind. He does not think it is justified by anything in the way of facts or records. Questioned as to inconsistencies to be found in going through statistics of imports and duties, such as the same article being charged 20 cents at one time and \$2 at another, he has himself been surprised by them, but surmised that they were due to varying conditions of trade or extraordinary transactions.

The witness filed (pp. 291-299) a "Summary statement based on American selling price," consisting mainly of several pages of tables covering 206 individual import transactions. He also filed (pp. 339-342) a "Supplementary statement," mainly directed in refutation of

the argument that the American valuation plan is put forward only to meet an emergency due to the fluctuations of foreign exchange.

Page 342 contains a letter from, and an affidavit by, Mr. R. R. Farrow, commissioner of customs and excise, Ottawa, Canada, denying certain statements made by Mr. Doherty (not referred to in this digest) in regard to Canadian customs administration. On pages 5419-5420, Mr. Doherty explains that any false or misleading impressions caused by statements of his were entirely unintentional on his part and may have been due to assumptions, by others, that Mr. Farrow was the only source of his knowledge.

Witness: Mr. Emil Pevny, manufacturer of cotton gloves, Oswego, N. Y.

Hearings: Pages 300-305.

The American industry represented by the witness did not exist before the war. During and since the war, the witness has exported these products to Australia, New Zealand, Norway, and South America. Everything in this connection hinges upon German importations, as it is impossible to compete with German wages—one-tenth of American to-day. It must be remembered also that while domestic manufacturers are using the finest grade of American-grown cotton, the Germans go to Liverpool and buy Egyptian. "Every pair of German-made cotton gloves coming into this country to-day is of Egyptian yarn, and we have to lay idle and see this market flooded with German importations." German-made gloves are being shipped to Switzerland, minus only the fasteners. After the clasps have been put on there, the consular invoice is obtained and the gloves are sent to Canada as Swiss goods.

The witness filed a brief in which he refers to American valuation as "the only way to safeguard us from a most resourceful and unscrupulous competitor."

Witness: Mr. Charles C. Ormsby, representing manufacturers of sueded cotton fabric and gloves.

Hearings: Pages 305-308.

This is a post-war industry which, up to the end of 1918, had attained considerable importance. Addressing himself to the question of American valuation, the witness regards the existing system of foreign valuation of imports as a failure. Results of the present tariff, in money to the United States Government, have been far below the estimates, this being accounted for by low valuation (due to low foreign wages) or to evasion of duty. Owing to German competition the domestic industry is to-day at a standstill.

The popular understanding of dutiable value being the American price, it seems due to the American people that their views and thought should be considered. The law should represent public opinion.

In a brief filed by the witness, this country's obligations to other countries under the most-favored-nation clause of treaties are emphasized. Only by the adoption of American valuation can other countries, with varying costs of production, be placed on terms of equality as regards American customs duties. The question is asked: "Why continue a tariff law that practically vests in foreigners the appraisal of duties over which the United States has no practical control?"

Witness: Mr. Ernest Jones, manufacturer of suèded cotton cloth Gloversville, N. Y.

Hearings: Pages 308-309.

This cloth, before the war, was imported by glove manufacturers who have since succeeded in having it made in this country, first from English and later from American yarns. At the present time German goods are again flooding this market, and there is absolutely no demand for the domestic product. The machinery of closed mills will be restarted if American valuation can be secured.

From the witness's recent observation, similar conditions prevail in Great Britain, where German-made gloves are offered in dry-goods stores at half the price of English goods.

Witness: Mr. Thomas H. Hall, representing the Fabric Glove Manufacturers' Association, Jersey City, N. J.

Hearings: Pages 309-310.

Starting this business during the war as an absolutely new industry, a maximum production of 1,300,000 dozen was attained in 1918. Since then the business has been declining, the vanishing point being nearly reached. A review of labor conditions demonstrates that nothing but the American valuation plan can help the industry through. The low wage scale of German workers was referred to, showing the actual labor costs in Germany to be little more than one-half of what they were in 1914, while American labor costs have doubled in the same period. Taking into account differences according to proficiency, domestic producers are paying to-day ten times the German labor costs.

Witness: Mr. Charles S. Hollander, vice president of Rohm & Haas Co., Bristol, Pa.

Hearings: Pages 310-312.

The company makes chemicals for the textile and leather trades. A study shows that if the American valuation is withdrawn from the schedule of rates in H. R. 7456 the company will have no protection whatever. Even as the rates stand, the protection is so scant that it may be necessary in some instances to stay out of the business permanently. The competition comes mainly from Germany, and to some extent from England. Since December, 1920, enough sodium hydrosulphite has been imported from Germany to supply the American market for almost three-quarters of a year at the 1913 rate of use.

There is, in the case of chemicals, no difficulty whatever in showing comparable and competitive goods or in ascertaining the American value.

Witness: Mr. W. W. Nichols, representing the Electrical Manufacturers' Council, New York City.

Hearings: Pages 312-313.

The witness confined his testimony to his experience as head of an American industrial commission, traveling through France in 1916, when much valuable information was gathered. The following quotations from the report of the commission bear upon the need for changes in existing customs methods—the witness being content to “leave the rest to your imagination.”

The commission anticipated that it would be called upon to discuss this much-mooted question at Limoges, and made its preparations accordingly. Reference is made to it here only because there have arisen difficulties through our tariff administration which, in their continuance, can only act as deterrents to the extension of our trade (p. 20).

An international device (tariff), which should be certain and uniform in its action, is so disturbed by fluctuations of both rates of exchange and prices as to make proper application impossible and to appear to impugn the honesty of innocent parties. For the sake of the world trade, which is destined to become of growing importance in the commerce of the United States, most serious and early attention should be given this phase of our tariff law (p. 21).

Another very important matter affecting our trade with France is the tariff question. Past tariff difficulties between France and the United States led to a continuous reference to the subject on the part of our French friends.

* * * All France is informed regarding the notorious Limoges china case. This unpleasant incident has left a profound resentment in French manufacturing circles, and was frequently used as an illustration of what was found most objectionable in our customs administration methods. The difficulty of establishing the dutiable market value and the unwillingness of our Treasury Department to accept their invoice value as correct, are annoyances; but, above all, the insistence of our special Treasury agents upon the right to inspect private books, the labor costs, the costs of raw materials, etc., is particularly resented. They feel this last to be an unwarranted intrusion upon the private affairs of the citizens of a friendly nation, and they can not be convinced that information of this kind, if given, will not be diverted to improper use and reach their competitors in the United States.

Witness: Mr. C. T. Riotte, representing the Veiling Association of New York.

Hearings: Pages 313-316.

Buying both abroad and in the United States, the witness does not buy abroad from stock for immediate delivery, but goods to be manufactured and delivered anywhere from one to six months from the date of order. Under the American valuation plan it is going to be impossible for the importer to tell what merchandise is going to cost him, for he will not know whether or not a comparable American article will have been made by the time his shipment has been made.

Most of the members of the association are jobbers, selling to retailers throughout the United States; as the overhead expense amounts to at least 20 per cent, gross, it is impossible to figure on less than 30 per cent gross profit. In this way an article costing \$1 abroad, selling under the present duty at \$2.35, would have to be sold, under American valuation, at the impossible figure of \$4.20 in order to make the same profit. Veils are now being imported from France which can not be made here at any price. Veilings can not be appraised by adding a fixed percentage to an assumed cost of production; they are artistic goods—articles of style—with thousands of patterns.

Witness: Mr. Nathaniel Van Doren, customs agent, United States Treasury Department, Port of New York.

Hearings: Pages 316-323.

In his official experience of 18 years the witness has met with considerable undervaluation by foreign shippers, and in some cases by domestic importers. Not all such undervaluation was fraudulent; some of it has been due to changes in value, with possible loss of customs revenue if the invoice statement had been accepted. Reports of the foreign investigating service show that the difficulty of

obtaining the actual foreign value, as defined by law, makes it impossible to appraise all merchandise at its true foreign value. Giving full credit to the integrity and competence of appraising officers, the witness is unable to believe that the Government receives the proper measure of protection to the revenue by the existing system. He can see no insurmountable obstacle to carrying out the provisions of H. R. 7456, provided proper preparation is made before the bill becomes a law.

In view of the depreciated-currency situation and the widespread business depression throughout the world, the witness thinks the time ripe for this country to insure the protection of its customs revenue; the foreign valuation system is not going to insure that result so well as when values can be ascertained and acted upon here.

Witness: Mr. George F. Lamb, United States special attorney, Division of Customs, Department of Justice.

Hearings: Pages 323-334.

The witness's 30 years' experience with the customs in various capacities leads him to favor the American valuation plan. As one reason, its adoption would compel low-labor-cost countries to pay the same amount of duty on similar imports as countries having high labor costs. It would also do away with the irritation caused in foreign countries by the investigations of United States special agents. And it would tend to prevent undervaluations, in regard to which he cited recent instances.

The witness regards as a very weak first line of defense against undervaluations the six special agents in foreign countries. Reliance is still largely placed upon the invoices—admittedly a pretty uncertain reliance. There would be much greater ease in securing evidence as to the market value under the American valuation plan than under the present system. Something had been said about the cost of installing the American valuation plan, but the increase in the amount of duties collected by cutting off undervaluation would far more than pay for the cost. Once established, its cost would decrease. There will, of course, be litigation, but that follows every tariff.

Assuming that the American manufacturers' associations are really interested in the plan, they will cooperate in turning over all needed costs and selling prices down to the smallest things they sell. Speaking of the examiners in the customs service at New York City, the witness does not know of a more hard-working or more conscientious body of Government employees. But, in the last analysis, they have to rely on statements made to them by importers and people in the same line of business, and the present system breaks down where fraudulent undervaluation is involved.

Witness: Mr. Charles D. Lawrence, United States special attorney, Division of Customs, Department of Justice.

Hearings: Pages 334-339.

Taking the statement in H. R. 7456 that it is a bill, or an act, to produce revenue, to regulate commerce with foreign countries, and to encourage the industries of the United States, the question naturally arises, What means are the most efficient, expedient, and feasible for accomplishing its purpose? The objections to the American

valuation plan forming part of the bill are, in his opinion, largely the outgrowth of speculation and fear—a natural hysteria always found accompanying any new legislation of any importance. An argument of commanding importance in favor of that plan is that the basis for duty, applicable to all countries alike, shall be the wholesale value of goods in a country common to them all—the United States. Instead of seeking out values in the numerous markets of the world, why not follow the simpler plan to find values at first hand? Many difficulties arise under the present system, including the rejection by the courts of evidence presented by United States special agents on the ground that it is hearsay. The American valuation plan would increase revenue in certain cases by the provision that, irrespective of cost of production, similar goods would always be valued alike for duty. It would, in effect, be placing merchandise upon a specific-duty basis; opportunities for evasion would be greatly reduced; and fraudulent undervaluation would be discouraged, if not entirely eliminated.

Touching the objection by importers that they will not know what their cost price is to be three months ahead of time, the witness does not think that a business man would place orders very far ahead without some approximate knowledge of what the goods would be worth on their arrival in this market.

Witness: Mr. L. T. Scaramelli, representing the Italian Chamber of Commerce of New York.

Hearings: Pages 5108–5111.

In a brief filed with the committee the witness refers to the provisions of Title IV, section 402, as likely to have far-reaching and international effects upon trade in general, the cost of living, industrial domestic prosperity, and foreign revenues.

Objection to the American valuation plan includes the excessive raising of tariff duties owing to the percentage basis being on much higher units of cost; the reduction of foreign buying to guesswork, speculation, and practically gambling; the immediate and exhaustive research work required to establish comparable values for each commodity, followed, as this must be, not only by great loss of time but by litigation as well; the practical impossibility of keeping track of the thousands of articles subject to ad valorem duties—laces alone accounting for 5,000 numbers. It is alleged also that payment of duty upon duty—pyramiding—would be unavoidable, with the ultimate result of actually prohibiting imports in certain lines. The inevitable reduction of American imports would be such as to seriously impair customs revenue and ultimately to reduce American exports, to raise prices, to increase unemployment, and business depression.

The brief directs attention to what is believed to be the fallacy involved in many arguments in regard to depreciated foreign currencies; also to the fact that Italy is one of the United States' best customers. The abandonment of the American valuation plan is requested.

**LISTS OF COMMUNICATIONS ADDRESSED TO THE SENATE COMMITTEE ON FINANCE, GIVING
EXPRESSION TO THE VIEWS OF CHAMBERS OF COMMERCE, PUBLIC UTILITY CORPORA-
TIONS, MANUFACTURERS, IMPORTERS, AND OTHERS IN REGARD TO THE AMERICAN
VALUATION FEATURE OF THE BILL, H. R. 7456, A TOTAL OF 1,205 COMMUNICATIONS.**

LIST A.

*Alphabetical list of firms and individuals approving the American valuation plan who
have submitted their views, by letters or telegrams, to the Senate Committee on Finance.*

Abbott, George E.....	Hartford, Conn.
Acme Shear Co.....	Bridgeport, Conn.
Actors' Equity Association.....	New York City.
Adams, Robert.....	Providence, R. I.
Adler, Jacob, & Co.....	Gloversville, N. Y.
Akron Merchants' Association.....	Akron, Ohio.
Alabama Graphite Creditors.....	New York City.
Alabama Manufacturers' Association.....	
Albion Kaolin Co.....	Augusta, Ga.
Alderman Fairchild Co.....	Rochester, N. Y.
Allendale Knitting Mills.....	New York City.
Alleghany Window Glass Co.....	Port Alleghany, Pa.
American Association of Flint & Lead Glass Manufac- turers.....	Pittsburgh, Pa.
American Bobbinet Co.....	Newburgh, N. Y.
American Chain Co.....	Bridgeport, Conn.
American Colortype Co.....	Chicago, Ill.
American Craven Co.....	Sandusky, Ohio.
American Crayon Co.....	New York City.
American Cutlery Co.....	Chicago, Ill.
American Doll Manufacturers (Inc.).....	New York City.
American Electric Works.....	Providence, R. I.
American Enameled Magnet Wire Co.....	Muskogee, Mich.
American Flint Glass Workers' Union.....	Morocco, Ind.
American Flyer Manufacturing Co.....	Chicago, Ill.
American Gear Manufacturers' Association.....	Cleveland, Ohio.
American Glue Co.....	Boston, Mass.
American Hardware Manufacturers' Association.....	New York City.
American Lace Manufacturing Co.....	Elyria, Ohio.
American Manganese Manufacturing Co.....	Philadelphia, Pa.
American Manufacturers of Shears and Scissors.....	Newark, N. J.
American Metal Ware Co.....	Chicago, Ill.
American Mills Co.....	Waterbury, Conn.
American Novelty Co.....	Ansonia, Conn.
American Optical Co.....	Southbridge, Mass.
American Pin Co.....	Waterbury, Conn.
American Protective Tariff League.....	New York City.
American Ribbon & Carbon Co.....	Rochester, N. Y.
American Steel Wool Manufacturing Co.....	New York City.
American Swiss Tile & Tool Co.....	New York City.
American Textile Co. (Inc.).....	Pawtucket, R. I.
American Tool Works Co.....	Cincinnati, Ohio.
American Valuation Association.....	New York City.
American Veiling Co.....	New York City.
American Vitrified China Manufacturers' Association.....	Wheeling, W. Va.
American Window Glass Co.....	Pittsburgh, Pa.
American Woodworking Machinery Co.....	Rochester, N. Y.
Arizona Merchants' Association.....	Phoenix, Ariz.
Armstrong's City Pharmacy.....	Warwick, N. Y.
Armstrong Cork Co.....	Pittsburgh, Pa.
Arthe, Levy, Bernhard Co.....	New York City.
Asbestos Fiber Spinning Co.....	North Wales, Pa.
Asheville Mica Co.....	Asheville, N. C.

Associated Employers.....	Utica, N. Y.
Associated Glove Manufacturers.....	Gloversville, N. Y.
Associated Industries of Idaho.....	
Associated Industries of Kansas.....	
Associated Industries of Maine.....	
Associated Industries of Missouri.....	
Associated Industries of Montana.....	
Associated Industries of North Dakota.....	
Associated Industries of Vermont.....	
Associated Manufacturers of Electrical Supplies.....	New York City.
Associated Tile Manufacturers.....	Beaver Falls, Pa.
Athenia Steel Co.....	New York City.
Athletic Knitting Mills.....	Chicago, Ill.
Atkins & Pearce Manufacturing Co.....	Cincinnati, Ohio.
Atlantic Steel Co.....	Atlanta, Ga.
Atlantic Tubing Co.....	Providence, R. I.
Atlas Crucible Steel Co.....	Buffalo, N. Y.
Atlas Powder Co.....	Wilmington, Del.
Augstein, S., & Co.....	New York City.
Austin Cicero Manufacturers' Association.....	Chicago, Ill.
Autoyre Co.....	Oakville, Conn.
Averill Manufacturing Co.....	New York City.
B. Z. B. Knitting Co.....	Rockford, Ill.
Bagshaw, W. H.....	Lowell, Mass.
Baker, A. G., Co. (Inc.).....	Johnstown, Pa.
Baker & Bennett Co.....	New York City.
Baker & Co. (Inc.).....	Newark, N. J.
Baker, Hugh P.....	New York, N. Y.
Baker, William T. (Inc.).....	Jersey City, N. J.
Baldwin Cutlery Co.....	Tidioute, Pa.
Baldwin Manufacturing Co.....	Philadelphia, Pa.
Barksdale, J. H.....	Nashville, Tenn.
Battelle & Renwick.....	New York City.
Bausch & Lomb Optical Co.....	Rochester, N. Y.
Bausman, George A.....	Springfield, Mass.
Bay State Tap & Die Co.....	Mansfield, Mass.
Beade Chain Manufacturing Co.....	Bridgeport, Conn.
Becker Milling Machine Co.....	Boston, Mass.
Bedford China Co.....	Bedford, Ohio.
Beek Glove Co.....	Richmond, Ind.
Beggs & Graham.....	Philadelphia, Pa.
Beistle Co.....	Shippensburg, Pa.
Belden Manufacturing Co.....	Chicago, Ill.
Bender-Zimmer Co.....	Milwaukee, Wis.
Benedict, Frank R.....	Walden, N. Y.
Benjamin Electric Manufacturing Co.....	Chicago, Ill.
Bennett, Edwin, Pottery Co.....	Baltimore, Md.
Bergstrom Paper Co.....	Neenah, Wis.
Berkshire Cotton Manufacturing Co.....	Adams, Mass.
Berridge Shear Co.....	Sturgis, Mich.
Bertha Coal Co.....	Pittsburgh, Pa.
Betts Machine Co.....	Rochester, N. Y.
Bevin Bros. Manufacturing Co.....	East Hampton, Conn.
Beyer's Drug Store.....	Punxsutawney, Pa.
Bigelow Co.....	New Haven, Conn.
Bigney, S. O.....	Attleboro, Mass.
Binswanger, H. P.....	New York City.
Blair Manufacturing Co.....	Springfield, Mass.
Blum Shoe Co.....	Danville, N. Y.
Board of Trade.....	Warville, N. Y.
Bogen, Berman & Fox.....	New York City.
Boston Pottery Co. (Inc.).....	Boston, Mass.
Bough & Sons Co.....	Philadelphia, Pa.
Bower, Henry, Chemical Manufacturing Co.....	Philadelphia, Pa.
Bradley Knitting Co.....	Delavan, Wis.
Bradley, Milton, & Co.....	Springfield, Mass.
Braid Manufacturers' Association.....	Brooklyn, N. Y.

Bridgeport Coach Lace Co.....	Bridgeport, Conn.
Bridgeport Hardware Manufacturing Co.....	Bridgeport, Conn.
Bristal Knitting Mills.....	New York City.
Bromund, E. A.....	New York City.
Brooke, R. T.....	Birmingham, Ala.
Brooks, George, & Son Co.....	Philadelphia, Pa.
Brooks, U. B.....	Boston, Mass.
Brown & Sharpe Manufacturing Co.....	Providence, R. I.
Brown-Lipe Gear Co.....	Syracuse, N. Y.
Brown, William, Co.....	Philadelphia, Pa.
Brownville Board Co.....	Brownville, N. J.
Brubaker, W. L., & Bros.....	Millersburg, Pa.
Bryant Electric Co.....	Bridgeport, Conn.
Bubb, U. B.....	Williamsport, Pa.
Buckeye Twist Drill Co.....	Alliance, Ohio.
Burke Electric Co.....	Erie, Pa.
Burke Golf Co.....	Newell, Ohio.
Burleson, J. E.....	Spruce Pine, N. C.
Burlington Basket Co.....	Burlington, La.
Burson Knitting Co.....	Rockford, Ill.
Burt, John D.....	New York City.
Butterfield & Co. (Inc.).....	Derby Line, Vt.
Byers, A. M., Co.....	Pittsburgh, Pa.
Byerts, W. E.....	Des Moines, Iowa.
Cabot, Samuel (Inc.).....	Boston, Mass.
Cadet Knitting Co.....	Chicago, Ill.
Caldwell, Edward F., & Co. (Inc.).....	New York City
California Cotton Mills Co.....	Oakland, Calif.
California Manufacturers' Association.....	Oakland, Calif.
Calkins, G. H.....	Buffalo, N. Y.
Callahan Zinc Lead Co.....	Wallace, Idaho.
Camp, Walter.....	Gloucester, Mass.
Campbell, George.....	Niagara Falls, N. Y.
Cantrell, P. H.....	Little Rock, Ark.
Carbon Products Co.....	Lancaster, Pa.
Card, S. W., Manufacturing Co.....	Mansfield, Mass.
Caron Spinning Co.....	Rochelle, Ill.
Carpenter Steel Co.....	Reading, Pa.
Carrom Co.....	Ludington, Mich.
Case, W. R., & Sons Cutlery Co.....	Bradford, Pa.
Cattarangus Cutlery Co.....	Little Valley, N. Y.
Celluloid Co.....	New York City.
Century Doll Co.....	New York City.
Century Electric Co.....	St. Louis, Mo.
Challenge Cutlery Corporation.....	Bridgeport, Conn.
Challenge Machinery Co.....	Grand Haven, Mich.
Chamber of Commerce.....	Gloversville, N. Y.
Chamber of Commerce.....	Hornell, N. Y.
Chamber of Commerce.....	Latrobe, Pa.
Chamber of Commerce.....	Perry, N. Y.
Chamber of Commerce.....	Walden, N. Y.
Chant, W. B., & Sons (Inc.).....	Port Jervis, N. Y.
Chapin & Hollister Co.....	Providence, R. I.
Chatfield Manufacturing Co.....	Cincinnati, Ohio.
Chatillon, G. E.....	New York City.
Chelsea China Co.....	New Cumberland, W. Va.
Chelsea Clock Co.....	Boston, Mass.
Chelsea Fire Works (Inc.).....	Norwich, Conn.
Chicago Gut String Manufacturing Association.....	Chicago, Ill.
Chicago Nut Co.....	Chicago, Ill.
City National Bank.....	Gloversville, N. Y.
Claughes, J. & H., Co.....	New Redmond, Ohio.
Cleveland Metal Products Co.....	Cleveland, Ohio.
Cleveland Twist Drill Co.....	Cleveland, Ohio.
Cleveland Worsted Mills Co.....	Cleveland, Ohio.
Climax Molybdenum Co. of Colorado.....	New York City.

Coldwell, Lawn Mower Co.....	Newburgh, N. Y.
Colonial Steel Co.	Chicago, Ill.
Cole Electric Light, Power & Rwy. Association.....	Denver, Colo.
Colorado Confectioner Association.....	Denver, Colo.
Colorado Manufacturers & Merchants' Association.....	Denver, Colo.
Colorado Metal Mining Association.....	Denver, Colo.
Columbia Knitting & Manufacturing Co.....	Milwaukee, Wis.
Columbia Tool Steel Co.....	Chicago Heights, Ill.
Columbian Enameling & Stamping Co.....	Terre Haute, Ind.
Conneaut Shovel Co.....	Conneaut, Ohio.
Connecticut Electric Manufacturing Co.....	Bridgeport, Conn.
Connecticut Foundrymen's Association.....	New Britain, Conn.
Continental Mills (Inc.).....	Philadelphia, Pa.
Continental Paper and Bag Mills.....	New York City.
Continuous Casting Corporation.....	Westfield, N. Y.
Cook Pottery Co.....	Trenton, N. J.
Cook Spring Co.....	Ann Arbor, Mich.
Copeland, E. S.....	Hornell, N. Y.
Corliss Carbon Co.....	Bradford, Pa.
Cort-Harrison Sales Co.....	Trenton, N. J.
Cotton, Gep. C., Electric Manufacturing Co.....	East Hampton, Mass.
Cox, A. B.....	Knoxville, Tenn.
Crane Bros.....	Kingston, Pa.
Crawford, David M.....	Walden, N. Y.
Cress, H. G., Co.....	Troy, Ohio.
Crooksville China Co.....	Crooksville, Ohio.
Crouse Hinds Co.....	Syracuse, N. Y.
Crucible Steel Co. of America.....	New York City.
Crystal Graphite Co.....	Dillon, Mont.
Culver Baer Mining Co.....	Cloverdale, Calif.
Cummings, A. B.....	Attleboro, Mass.
Cunningham, James, Saw Co.....	Rochester, N. Y.
Curtiss, H. A.....	Meriden, Conn.
Cutter, George, Co.....	South Bend, Ind.
Cutter Mail Chute Co.....	Rochester, N. Y.
Dakin, John E.....	Milton, Pa.
Dalton, William.....	Titusville, Pa.
Damon & Ellis (Inc.).....	Boston, Mass.
Daniel Hays Co.....	Gloversville, N. Y.
Davis Hosiery Co.....	Reading, Pa.
Davis, Charles B.....	Boston, Mass.
De Jong, Jacob.....	New York City.
Delaphena, R. V., & Co. (Inc.).....	New York City.
De Laval Separator Co.....	Chicago, Ill.
Dell, Samuel M., & Co.....	Baltimore, Md.
Dells Paper & Pulp Co.....	Eau Claire, Wis.
Delson Knitting Mills.....	Chicago, Ill.
Delta File Works.....	Philadelphia, Pa.
Deming Co.....	Salem, Ohio.
Dempster & Place Co.....	Gloversville, N. Y.
Dental Manufacturers' Club.....	Toledo, Ohio.
Denver Typothetas.....	Denver, Colo.
Derby & Shelton Board of Trade.....	Derby, Conn.
Derby Gas & Electric Co.....	Derby, Conn.
Derk, Jas., & Co.....	Philadelphia, Pa.
Detroit Twist Drill Co.....	Detroit, Mich.
Devoe & Reynolds Co. (Inc.).....	New York City.
Diamond Crystal Salt Co.....	St. Clair, Mich.
Diamond State Fibre Co.....	Bridgeport, Pa.
Diehl Manufacturing Co.....	Elizabeth, N. Y.
Diehl, McGuire Manufacturing Co.....	Richmond, Ind.
Diller & McGuire Manufacturing Co.....	Richmond, Ind.
Doherty, Henry, Silk Co.....	Clifton, N. J.
Douglas, W. & B.....	Middletown, Conn.
Dow Chemical Co.....	Midland, Mich.
Drake, A. W., Manufacturing Co.....	Hazleton, Pa.
Drill & Reamer Societv.....	New York City.

Dundee Textile Co.	Passaic, N. Y.
Duplex Moulding Co.	Hornell, N. Y.
Dusenbury, Louis, & Co. (Inc.)	New York City.
Dutton, V.	Cleveland, Ohio.
Dwight Devine & Sons	Ellenville, N. Y.
Ewelle-Kaiser Co.	Buffalo, N. Y.
Eagle Knitting Mills	Milwaukee, Wis.
Eagle-Picher Lead Co.	Chicago, Ill.
Eagle Rubber Co.	Ashland, Ohio.
Eaton, Crane & Pike	Pittsfield, Mass.
Eaton-Drakeman Co.	Lee, Mass.
Edgar Bros.	Metuchen, N. J.
Edison Lamp Works Co.	St. Louis, Mo.
Eimer & Cernend.	New York City.
Elbro Knitting Mills	Milwaukee, Wis.
Electric Storage Battery Co.	Philadelphia, Pa.
Electro Dynamic Co.	
Elgar James (Inc.)	Hornell, N. Y.
Elite Glove Co.	Gloversville, N. Y.
Elk County Manufacturing Association	Ridgeway, Pa.
Ellicott Machine Corporation	Baltimore, Md.
Elliott-Fisher Co.	Harrisburg, Pa.
Ellwood, Ivins, Tube Works	Philadelphia, Pa.
Emmons Coal Mining Co.	Philadelphia, Pa.
Empire Knife Co.	Winsted, Conn.
Employers Association of Fort Wayne	Fort Wayne, Ind.
Employers' Association of New Haven	New Haven, Conn.
Employers' Association of Rhode Island	
Ensign Bickford Co.	Simsbury, Conn.
Enterprise Manufacturing Co. of Pennsylvania	Philadelphia, Pa.
Erie City Iron Works	Erie, Pa.
Eustis, Augustus H.	Boston, Mass.
Everlastik	Chelsea, Mass.
Everwear Hosiery Co.	Milwaukee, Wis.
Exelrod Co. of Pennsylvania	Stroudsburg, Pa.
Exmoore Knitting Mills	Chicago, Ill.
F. & N. Lawnmower Co.	Richmond, Ind.
Fabric Glove Industry	Waterford, N. Y.
Fabric Glove Manufacturers' Association	New York City.
Fallmer, Clogg & Co.	Lancaster, Pa.
Farrington Manufacturing Co.	Boston, Mass.
Fawer, Louis	New York City.
Federal Glass Co.	Columbus, Ohio.
Federal Industries of Washington	
Federal Knitting Mills Co.	Cleveland, Ohio.
Federal Mill & Elevator Co. (Inc.)	Lockport, N. Y.
Federal Sign System (electric)	Chicago, Ill.
Fellerman Bros.	New York City.
Ferst, M. A. (Inc.)	Atlanta, Ga.
Fiberloid Corporation	New York City.
Fidelity & Deposit Co. of Maryland	Warwick, N. Y.
Fine Art Lace Co.	Philadelphia, Pa.
Firs National Bank	Warwick, N. Y.
First Sterling Steel Co.	McKeesport, Pa.
First Trust & Deposit Co.	Syracuse, N. Y.
Fisher, Bruce & Co.	Philadelphia, Pa.
Flint Glass Workers' Union	Huntington, W. Va.
Follanske Bros. Co.	Pittsburgh, Pa.
Ford, J. B., Co.	Wyandotte, Mich.
Forge & Iron Co.	Pittsburgh, Pa.
Fownes Bros. & Co.	Gloversville, N. Y.
Fox, A. H., Gun Co.	Philadelphia, Pa.
Fox Paper Co.	Cincinnati, Ohio.
Fox Paper Co.	Lockland, Ohio.
Francis, Robert T.	New York City.
Franco-American Chemical Works	Carlstadt, N. J.
Frankford Textile Mills	Philadelphia, Pa.

Franklin Knitting Mills.....	New York City.
Franklin Needle Co.....	Franklin, N. H.
Friedlander Knitting Co.....	Milwaukee, Wis.
Friedman Blau Farber Co.....	Cleveland, Ohio.
Fritz Gross & Co.....	Philadelphia, Pa.
Fulton County National Bank.....	Gloversville, N. Y.
Fulton County Silk Mills.....	Gloversville, N. Y.
Fur Felt Hat Manufacturers.....	
Gabriel, Sam, Sons & Co.....	New York City.
Gage, F. L.....	Fargo, N. Dak.
Gaies Bros.....	Baltimore, Md.
Garland Manufacturing Co.....	Pittsburgh, Pa.
Garrett, Geo. K.....	Philadelphia, Pa.
Gates, Mills & Co.....	Johnstown, N. Y.
General Chamber of Commerce.....	Geneva, N. Y.
General Electric Co.....	Akron, Ohio.
General Electric Co.....	Atlanta, Ga.
General Electric Co.....	Baltimore, Md.
General Electric Co. (Edison Lamp Works).....	Boston, Mass.
General Electric Co.....	Charlotte, N. C.
General Electric Co.....	Chattanooga, Tenn.
General Electric Co.....	Des Moines, Iowa.
General Electric Co.....	Elmira, N. Y.
General Electric Co.....	Erie, Pa.
General Electric Co.....	Fort Wayne, Ind.
General Electric Co.....	Hartford, Conn.
General Electric Co.....	Jacksonville, Fla.
General Electric Co.....	Louisville, Ky.
General Electric Co.....	Memphis, Tenn.
General Electric Co.....	Minneapolis, Minn.
General Electric Co.....	Newark, N. J.
General Electric Co.....	New Haven, Conn.
General Electric Co.....	Pittsburgh, Pa.
General Electric Co.....	Providence, R. I.
General Electric Co.....	San Francisco, Calif.
General Electric Co.....	Spokane, Wash.
General Electric Co.....	Springfield, Mass.
General Electric Co.....	Terre Haute, Ind.
General Electric Co.....	West Lynn, Mass.
General Insulate Co.....	Brooklyn, N. Y.
General Steel Co.....	Chicago, Ill.
Geneva Trust Co.....	Geneva, N. Y.
George W. S. Pottery Co.....	East Palestine, Ohio.
Georgia Manufacturers' Association.....	
Georgia Minerals Co.....	Atlanta, Ga.
Germania Mills.....	Holyoke, Mass.
Gilbert & Bennett Manufacturing Co.....	Georgetown, Conn.
Gilbert, G. H.....	Richmond, Va.
Giles, A. F.....	Atlanta, Ga.
Gill, Elsie.....	Amsterdam, N. Y.
Gillardon, Louis H.....	Rockford, Ill.
Gillette Safety Razor Co.....	Boston, Mass.
Girard Model Works.....	Girard, Pa.
Glasgens, J. & H., Co.....	New Richmond, Ohio.
Glastenbury Knitting Co.....	Glastonbury, Conn.
Gleason Tilbott Co.....	New York City.
Globe Prayer Book Co. (Inc.).....	New York City.
Gloria Mining Co.....	Duluth, Minn.
Glorie Underwear Mill.....	Reading, Pa.
Glove Workers of Fulton County.....	Gloversville, N. Y.
Gloversville Auto Glove Co.....	Gloversville, N. Y.
Gong Bell Manufacturing Co.....	Easthampton, Conn.
Goodall Worsted Co.....	Sanford, Me.
Goodman Bros. & Hinelan.....	Philadelphia, Pa.
Goodyear Lumber Co.....	Buffalo, N. Y.
Gorgas-Pierce Manufacturing Co.....	Philadelphia, Pa.
Great Lakes Knitting Co.....	Chicago, Ill.

Great Northern Chair Co.	Chicago, Ill.
Great Western Electric Chemical Co.	San Francisco, Calif.
Green, Haas, Schwarz Co.	Cleveland, Ohio.
Greenfield Tape & Die Corporation.	Greenfield, Mass.
Greenwood Pottery Co.	Trenton, N. J.
Grey Iron Casting Co.	Mount Joy, Pa.
Griecmes Graphite Co.	Ashland, Ala.
Griffith Tool Works.	Philadelphia, Pa.
Griswold Manufacturing Co.	Erie, Pa.
Groffer Knitting Mills.	New York City.
Grundy & Co. (Inc.).	Philadelphia, Pa.
Guay, E. A.	East Boston, Mass.
Guernseyware Co.	Cambridge, Ohio.
Gulocke, W. H., Chair Co.	Wayland, N. Y.
Gurney Ball Bearing Co.	Jamestown, N. Y.
H. & P. Glove Co.	Johnstown, N. Y.
Hall China Co.	East Liverpool, Ohio.
Hall, H. S., & Co.	Jersey City, N. J.
Halwick, J. H.	Waldem, N. Y.
Hammermill Paper Co.	Erie, Pa.
Hankey, A., & Co. (Inc.).	Rochdale, Mass.
Handknit Hosiery Co.	Sheboygan, Wis.
Hanlan & Goodman Co.	Belleville, N. J.
Hard Color Products Co.	Sandusky, Ohio.
Harper, Edward G.	Chicago, Ill.
Harrison, L. & S.	Trenton, N. J.
Harthaway, F. B.	Oklahoma City, Okla.
Hatters' Fur Industry of the United States.	New York City.
Hazard Manufacturing Co.	Wilkes-Barre, Pa.
Hazel-Atlas Glass Co.	Wheeling, W. Va.
Heller Bros. Co.	Newark, N. J.
Henkell Clauss Co.	Fremont, Ohio.
Henry, G. C.	Jacksonville, Fla.
Henry, L. P., Sons.	New York City.
Hensel Collady Co.	Philadelphia, Pa.
Hercules Mining Co.	Wallace, Idaho.
Herman Bamberger & Co.	New York City.
Herscheide Clock Co.	Cincinnati, Ohio.
Herschel, P. E.	Peoria, Ill.
Heyman, Louis, & Bros.	New York City.
Highland Iron & Steel Co.	Bridgeport, Conn.
Hillard & Merrill (Inc.).	Lynn, Mass.
Hirsch, Daniel.	New York City.
Hobson, C. W.	Dallas, Tex.
Hodges, William, & Co.	Philadelphia, Pa.
Holcomb Steel Co.	Syracuse, N. Y.
Holeproof Hosiery Co.	Milwaukee, Wis.
Hollingsworth Knife Co.	Kane, Pa.
Hollinsworth, P. V.	Titusville, Pa.
Holyoke Worsted Mills (Inc.).	Holyoke, Mass.
Hoover Steel Ball Co.	Ann Arbor, Mich.
Horne, James, Co.	Pittsburgh, Pa.
Hornell Lumber Co. (Inc.).	Hornell, N. Y.
Hornell Rotary Club.	Hornell, N. Y.
Hornaby, A. G.	Syracuse, N. Y.
Horrokes Desk Co.	Herkimer, N. Y.
Hosiery Manufacturers' Legislative Committee.	New York City.
Hubbard, E. Kent.	Hartford, Conn.
Huble Manufacturing Co.	Lancaster, Pa.
Hulse Bros. & Daniels.	New York City.
Huntington Tumbler Co.	Huntington, W. Va.
Ide, George P., & Co. (Inc.).	Troy, N. Y.
Illinois Manufacturers' Association.	
Imperial Knitting Co.	Milwaukee, Wis.
Imperial Porcelain Works.	Trenton, N. J.
Indiana Manufacturers' Association.	
Ingalls & Co.	Castleton, N. Y.

Ingersoll Milling Machine Co.....	Rockford, Ill.
Ingraham, E., & Co.....	Bristol, Conn.
International Monumental Granite Producers' Association.....	
International Packing Corporation of California.....	Los Angeles, Calif.
International Pulp Co.....	New York City.
International Vulcanizing Co.....	Patterson, N. Y.
Iowa Manufacturers' Association.....	
Iron Mountain Mining Co.....	Duluth, Minn.
Italian Coverlet Co. (Inc.).....	New York City.
Jackson Shear Co.....	Fremont, Ohio.
Jacobus, C. R.....	Duluth, Minn.
Jenkins, E. Wheeler.....	Philadelphia, Pa.
Jersild Knitting Co.....	Neenah, Wis.
Johns-Pratt Co.....	Hartford, Conn.
Johnson Belting Co.....	Philadelphia, Pa.
Johnson, L. G.....	Akron, Ohio.
Johnson Porter Clay Co.....	McKenzie, Tenn.
Jones & Laughlin Steel Co.....	Pittsburgh, Pa.
Jones & Mardin.....	Gloversville, N. Y.
Judson Manufacturing Co.....	San Francisco, Calif.
Keller Knitting Co.....	Cleveland, Ohio.
Kent Manufacturing Co.....	Clifton Heights, Pa.
Kenton Hardware Co.....	Kenton, Ohio.
Kentucky Manufacturers' Association.....	
Keuffel & Esser Co.....	Hoboken, N. J.
Kibler, H. W.....	Minerva, Ohio.
Killark Electric Manufacturing Co.....	St. Louis, Mo.
Kimball, J. P.....	Warwick, N. Y.
Kneeland-Beglow, Co.....	Bay City, Mich.
Knit Goods Manufacturers of America.....	Utica, N. Y.
Knitted Outerwear Manufacturers' Association.....	Milwaukee, Wis.
Knitting Manufacturers' Association of Cleveland.....	Cleveland, Ohio.
Knowles, Taylor & Knowles.....	East Liverpool, Ohio.
Koehl, William, Co.....	Cincinnati, Ohio.
Korn, Geo. W., Razor Manufacturing Co.....	New York City.
Koskie, Joe.....	Hornell, N. Y.
Krautz Manufacturing Co. (Inc.).....	Brooklyn, N. Y.
Kreis & Hubbard.....	Chicago, Ill.
Kuhn, E. C.....	Cincinnati, Ohio.
L. & C. Coat, Suit & Dress Co.....	Hornell, N. Y.
La Belle Ironworks.....	Steubenville, Ohio.
Lace Selling Co.....	New York City.
Lansdale Mushroom Co.....	Lansdale, Pa.
Larzelere, Walter D.....	Philadelphia, Pa.
Leaded Glass Manufacturers' Association of Western Pennsylvania.....	Pittsburgh, Pa.
Lebanon Paper Box Co.....	Lebanon, Pa.
Lee, Robert E.....	Tacoma, Wash.
Lenning, Charles, & Co. (Inc.).....	Philadelphia, Pa.
Leonhard, Theodor, Wax Co.....	Paterson, N. J.
Lever, Oswald, Co. (Inc.).....	Philadelphia, Pa.
Lewis, L. H.....	Newark, N. J.
Lewis, W. M., Dweet, Edward R.....	Muskegon, Mich.
Libbey Glass Manufacturing Co.....	Toledo, Ohio.
Limoge China Co.....	Sebring, Ohio.
Lincoln Twist Drill Co.....	Taunton, Mass.
Linderman, A. J., & Haverson Co.....	Milwaukee, Wis.
Lindsay Light Co.....	Chicago, Ill.
Lipper Manufacturing Co. (Inc.).....	Philadelphia, Pa.
Lisk Manufacturing Co. (Ltd.).....	Canandaigua, N. Y.
Local Union 118, American Flint Glass Workers.....	Huntington, W. Va.
Locke, E. G.....	Camden, N. J.
Logan Iron & Steel Co.....	Burnham, Pa.
Lord, Charles E.....	Hornell, N. Y.
Lowenthal, Max., & Sons.....	Rochester, N. Y.
Lucas & Kennedy.....	Johnstown, N. Y.

Luptons's, David, Sons Co.....	Philadelphia, Pa.
Lycoming Furniture Co.....	Hughesville, Pa.
Lynn Chamber of Commerce.....	Lynn, Mass.
Macbeth-Evans Glass Co.....	Pittsburgh, Pa.
McConway & Torley Co.....	Pittsburgh, Pa.
McCoy, George W.....	Galveston, Ind.
McFarland, George O.....	Little Rock, Ark.
McFie & Edwards.....	Santa Fe, N. Mex.
McKenney, H. B.....	Hornell, N. Y.
McKinney, M. O.....	Chattanooga, Tenn.
McLellan, James D.....	Boston, Mass.
McNicol, D. E.....	Clarksburg, W. Va.
McNicol, D. E., Pottery Co.....	East Liverpool, Ohio.
McNicol, T. A., Pottery Co.....	East Liverpool, Ohio.
McVey, William.....	Walden, N. Y.
Maddock Pottery Co.....	Trenton, N. J.
Maine Spinning Co.....	Boston, Mass.
Maloy, J. H.....	New York City.
Manhattan Umbrella & Parasol Co.....	New York City.
Mann, James H., Co.....	Laidlow, Pa.
Manufacturers & Employers' Association of South Dakota.....	
Manufacturers' Association of Berks County.....	Reading, Pa.
Manufacturers' Association of Connecticut (Inc.).....	Hartford, Conn.
Manufacturers' Association of Lancaster.....	Lancaster, Pa.
Manufacturers' Association of Monroe County.....	
Manufacturers' Association of New Jersey.....	
Manufacturers Association of Washington.....	Seattle, Wash.
Manufacturers' Association of Wilmington, Delaware.....	
Manufacturing Chemists' Association.....	Cleveland, Ohio.
Manufacturers' Club.....	Philadelphia, Pa.
Marinette Knitting Mills.....	Marinette, Wis.
Markham Air Rifle Co.....	Plymouth, Mich.
Maryland Casualty Co.....	Baltimore, Md.
Master Rule Manufacturing Co. (Inc.).....	New York City.
Mayer China Co.....	Beaver Falls, Va.
Mayer, Walter W.....	Ephrata, Pa.
Mayor of Johnstown, N. Y.....	
Menasha Woolen Ware Co.....	Menasha, Wis.
Merchants' Publishing Co.....	Kalamazoo, Mich.
Merion Worsted Mills.....	West Conshohocken, Pa.
Merrill Hosiery Co.....	Hornell, N. Y.
Merrill Knitting Co.....	Merrill, Wis.
Merrill Silk Co.....	Hornell, N. Y.
Merrimac Chemical Co.....	Boston, Mass.
Merritt Development Co.....	Minneapolis, Minn.
Metal Specialties Co.....	Attleboro, Mass.
Meyercord Co.....	Chicago, Ill.
Michell, Henry F., Co.....	Philadelphia, Pa.
Michigan Manufacturers' Association.....	
Middletown Chamber of Commerce.....	Middletown, N. Y.
Miles, G.....	Walden, N. Y.
Millark Electric Manufacturing Co.....	St. Louis, Mo.
Miller Lock Co.....	Philadelphia, Pa.
Millinery Braid & Trimming Manufacturers' Associa- tion.....	Philadelphia, Pa.
Milling Cutter Society.....	New York City.
Milton Bradley Co.....	Springfield, Mass.
Mississippi Glass Co.....	New York City.
Maloney Electric Co.....	St. Louis, Mo.
Molybdenum Corporation of America.....	Pittsburgh, Pa.
Monroe, H. L.....	Chicago, Ill.
Moore, E. T.....	Fargo, N. Dak.
Moore, G. C.....	Westerly, R. I.
Morse, James F., & Co.....	Roxbury, Mass.
Moss Lace Manufacturing Co.....	Philadelphia, Pa.
Mountain States Lumber Dealers' Association.....	Denver, Colo.

Nagle Steel Co.	Pottstown, Pa.
Narrow Fabric Co.	Reading, Pa.
National Association of Employing Lithographers	Rochester, N. Y.
National Association of Hosiery & Underwear Manufacturers	Philadelphia, Pa.
National Automatic Tool Co.	Richmond, Va.
National Bank of Kentucky	New York City.
National Bottle Manufacturers' Association	Atlantic City.
National Boys' Blouse & Suit Manufacturers' Association	New York City.
National Camp, Sons of America	Lebanon, Pa.
National Carbon Co. (Inc.)	Cleveland, Ohio; San Francisco, Calif.
National China Co.	Salineville, Ohio.
National Enameling & Stamping Co.	Milwaukee, Wis.
National Industrial Council	New York City.
National Knitted Outerwear Association	New York City.
National Knitting Co.	Milwaukee, Wis.
National Paint, Oil & Varnish Association (Inc.)	New York City.
National Razor Manufacturing Co.	Fremont, Ohio.
National Screw & Tack Co.	Cleveland, Ohio.
National Tool Co.	Cleveland, Ohio.
National Twist Drill & Tool Co.	Detroit, Mich.
Navy Knitting Mills (Inc.)	New York City.
Nebraska Manufacturers' Association	
Nelson Bottling Works	Hornell, N. Y.
Nelson Glove Co.	Gloversville, N. Y.
Nestle's Food Co.	New York City.
New Bedford Cotton Manufacturers' Association	New Bedford, Mass.
New Departure Manufacturing Co.	Bristol, Conn.
New England Manufacturing Jewelers and Silversmiths' Association	Providence, R. I.
New Fabric Cloth Mills (Inc.)	Oswego, N. Y.
New Hampshire Manufacturers' Association	
New Haven Clock Co.	New Haven, Conn.
New York Store	Greensburg, Pa.
Newark Wire Cloth Co.	Newark, N. J.
Newcomb, F. J., Manufacturing Co.	New York City.
Niagara Steel Finishing Co. (Inc.)	Niagara Falls, N. Y.
North & Judd Manufacturing Co.	New Britain, Conn.
North American Lace Co.	Philadelphia, Pa.
North East Electric Co.	Rochester, N. Y.
Notaseme Hosiery Co.	Philadelphia, Pa.
Novelty Cutlery Co.	Canton, Ohio.
Noyes, Thomas, & Co.	Charleston, W. Va.
O. M. Glove Corporation	Waterford, N. Y.
O'Connor, L. M.	Hornell, N. Y.
Oconto Mills	Oconto, Wis.
Ohio Manufacturers' Association	
Oklahoma Employers' Association	
Oliver Manufacturing Co.	Oakland, Calif.
Oneida Knitting Co.	De Pere, Wis.
Onondaga Pottery Co.	Syracuse, N. Y.
Ontario Knife Co.	Frankville, N. Y.
Ornstein, S., & Sons	New York City.
Ostrander, W. R., & Co.	New York City.
Oswald Lever Co.	Philadelphia, Pa.
Owen China Co.	Minerva, Ohio.
Pacific Coast Glass Works	San Francisco, Calif.
Packard Electric Co.	Warren, Ohio.
Page Steel & Wire Co.	Bridgeport, Conn.
Paine, Sidney B.	Boston, Mass.
Palern, Mrs. Bovina	Walden, N. Y.
Paragon Electric Co.	Chicago, Ill.
Paramount Knitting Co.	Chicago, Ill.
Parker Bros	Salem, Mass.
Parker Cl	Meriden, Conn.

Parker Gun	Meriden, Conn.
Parker, R. H.	Minneapolis, Minn.
Parker Wire Goods Co.	Worcester, Mass.
Pass & Seymour	New York City.
Paterson Parchment Paper Co.	Passaic, N. Y.
Peck Motor Sales Co. (Inc.)	Hornell, N. Y.
Peck, Stow & Wilcox Co.	Cleveland, Ohio.
Peerless Knitting Co.	Milwaukee, Wis.
Peerless Tube Co.	Bloomfield, N. Y.
Peltz & Biderman	New York City.
Pelzer Manufacturing Co.	Pelzer, S. C.
Penn Glass Sand Co.	Lewiston, Pa.
Penn Lawn Mower Works	Philadelphia, Pa.
Penn Worsted Co.	Philadelphia, Pa.
Pennsylvania Manufacturers' Association	
Peoples' Bank	Johnstown, N. Y.
Pequano Rubber Co.	Butler, N. Y.
Perkins, B. F., & Son (Inc.)	Holyoke, Mass.
Pevny, Emil	Oswego, N. Y.
Philadelphia Board of Trade	Philadelphia, Pa.
Philadelphia Tapestry Mills	Philadelphia, Pa.
Philippi Blanket Mills (Inc.)	Philippi, W. Va.
Phoenix Chamber of Commerce	Phoenix, Ariz.
Phoenix Glass Co.	Pittsburgh, Pa.
Pictorial Paper Package Co.	Aurora, Ill.
Piler, S. H.	Seattle, Wash.
Pioneer Broom Co.	Amsterdam, N. Y.
Piqua Handle & Manufacturing Co.	Piqua, Ohio.
Pittsburgh Carbon Brush Co.	Pittsburgh, Pa.
Pittsburgh Chamber of Commerce	Pittsburgh, Pa.
Pittsburgh Forge & Iron Co.	Pittsburgh, Pa.
Plumb, Fayette R. (Inc.)	Philadelphia, Pa.
Pond, A. L.	Milwaukee, Wis.
Pond, Ashley	Santa Fe, N. Mex.
Pool, M. A.	Memphis, Tenn.
Pope, Grosser China Co.	Coshocton, Ohio.
Potters Cooperative Co.	East Liverpool, Ohio.
Pratt & Whitney Co.	Hartford, Conn.
Prest Glove Leather Tanners' Association	Gloversville, N. Y.
Prest-Yost Electric Manufacturing Co.	Toledo, Ohio.
Priscilla Worsted Mills	Thornton, R. I.
Progressive Handkerchief Manufacturing Co.	Passaic, N. J.
Pyroxlin Plastics Manufacturers' Association	New York City.
Quackenbrush, H. M.	Herkimer, N. Y.
Quality Silk Mills (Inc.)	New York City.
Radcliffe Bros.	Derby, Conn.
Randall, H. D.	Denver, Colo.
Ranson & Randolph Co.	Toledo, Ohio.
Raub, H. F., Silk Co.	Bangor, Pa.
Read & Lovett Manufacturing Co.	New York City.
Reading Steel Casting Co.	Bridgeport, Conn.
Reed-Prentice Co.	Worcester, Mass.
Rees', Hans, Sons.	Asheville, N. C.
Reliable Knitting Works	Milwaukee, Wis.
Reliance Electric & Engineering Co.	Cleveland, Ohio.
Republican State Committee	Trenton, N. J.
Rhode Island Textile Association	Providence, R. I.
Rice, Richard H.	West Lynn, Mass.
Rich, Knitting Mills Co.	
Richmond Malleable Castings Co.	Richmond, Ind.
Rimmon Eyelet Co.	Seymour, Conn.
Ripple, Warren	South Bend, Ind.
Ritchie, W. C., & Co.	Chicago, Ill.
Ritter Dental Manufacturing Co. (Inc.)	Rochester, N. Y.
Robbins & Meyers Co.	Springfield, Ohio.
Roberts, R. R.	Houston, Tex.
Robeson Cutlery Co.	Rochester, N. Y.

Rochester Stamping Co.....	Rochester, N. Y.
Rockford Electric Co.....	Rockford, Ill.
Rockford Mitten & Hosiery Co.....	Rockford, Ill.
Rockwood Manufacturing Co.....	Indianapolis, Ind.
Roebling, J. A., Sons Co.....	Trenton, N. J.
Rogers, E.....	Springfield, Mass.
Rogers, John B.....	Warwick, N. Y.
Rohn & Haas Co.....	Philadelphia, Pa.
Rome Brass & Copper Co.....	Rome, N. Y.
Rome Wire Co.....	Rome, N. Y.
Roosevelt Worsted Mills.....	Philadelphia, Pa.
Rose, C. W., Glove Co.....	Gloversville, N. Y.
Rose, Hemingway Cantrell, Loughborough.....	Little Rock, Ark.
Rotary Club of New Britain, Conn.....	
Royal Knitting Mills Co.....	Chicago, Ill.
Royal, Thos. M., & Co.....	Bryn Mawr, Pa.
Rubin Bros., Millinery (Inc.).....	Brooklyn, N. Y.
Russell, John, Cutlery Co.....	Greenfield, Mass.
Rutenber Electric Co.....	Marion, Ind.
Saco Lowell Shops.....	Boston, Mass.
St. Louis Label Works.....	St. Louis, Mo.
Salem China Co.....	Salem, Ohio.
Salts Textile Manufacturing Co.....	New York City.
Sand Knitting Mills.....	Chicago, Ill.
Sanford Mills.....	Boston, Mass.
Sanitax Brush Co.....	Chicago, Ill.
Sanitary Potters' Association.....	Trenton, N. J.
Saxon China Co. and employees.....	Sebring, Ohio.
Schand & Roosa Co.....	Hornell, N. Y.
Schatt & Morgan Cutlery Co.....	Titusville, Pa.
Schlesinger, Leo, & Co.....	New York City.
Schmitt & Ault Paper Co.....	York, Pa.
Schoenhut, A., Co.....	Philadelphia, Pa.
Schrader Cutlery Co.....	Welden, N. Y.
Schwelms, John M., Sons.....	Germanatown, Pa.
Sebring, E. H., China Co.....	Sebring, Ohio.
Sebring Pottery Co.....	Sebring, Ohio.
Sessions Clock Co.....	Forestville, Conn.
Session, F. W., Millinery Co.....	Utica, N. Y.
Shannon, Elizabeth.....	Amsterdam, N. Y.
Sharp, O. S.....	Minerva, Ohio.
Sheboygan Chair Co.....	Sheboygan, Wis.
Shelton Tool & Machine Co.....	Derby, Conn.
Sherrill, J. L., & Co.....	Mayfield, Ky.
Sherwin-Williams Co.....	Cleveland, Ohio.
Sherwood Bros. Manufacturing Co. (Inc.).....	Canastota, N. Y.
Shoemaker, A. Brock.....	Tullytown, Pa.
Shreve, E. O.....	San Francisco, Calif.
Sicard, D. C.....	Walden, N. Y.
Siegel, Rothschild & Co.....	Baltimore, Md.
Silver Plate Cutlery Co.....	Derby, Conn.
Silvernail Mosher Co.....	Gloversville, N. Y.
Simmonds Manufacturing Co.....	Fitchburg, Mass.
Skerrett, H. H., & Co.....	Philadelphia, Pa.
Skerry, A. T., & Co.....	New York City.
Smith & Dove Manufacturing Co.....	Andover, Mass.
Smith, Lee S., & Sons Manufacturing Co.....	Pittsburgh, Pa.
Smith, Pearl I.....	Dillon, Mont.
Smith, W. & T., Co.....	Genoa, N. Y.
Southern Extract Co.....	Knoxville, Tenn.
Southern Ferro Alloys Co.....	Chattanooga, Tenn.
Southern Tariff Association.....	Washington, D. C.
Southwest General Electric Co.....	El Paso, Tex.
Speer Carbon Co.....	St. Marys, Pa.
Spellmire, W. B.....	Pittsburgh, Pa.
Spencer Kallaw & Sons (Inc.).....	Buffalo, N. Y.
Spir Co.....	Newport, Ky.

Sprague, G. T. S.	Warwick, N. Y.
Standard Knitting Co.	Cleveland, Ohio.
Standard Plate Glass Co.	Butler, Pa.
Standard Tool Co.	Cleveland, Ohio.
Standard Ultramarine Co.	Huntington, W. Va.
Standard Ultramarine Co. employees	Huntington, W. Va.
Standard Underground Cable Co.	Pittsburgh, Pa.
Star & Crescent Co.	Philadelphia, Pa.
Star Knitting Co.	La Crosse, Wis.
Star Pin Co.	Derby, Conn.
Star Worsted Co.	Fitchburg, Mass.
State Valley Fabric Co.	Bangor, Pa.
Starbuck, D. K.	Youngstown, Pa.
Stead & Miller Co.	Philadelphia, Pa.
Sterling Engine Co.	Buffalo, N. Y.
Stevens & Co.	New York City.
Stewart, Mrs. L.	Walden, N. Y.
Still, Edwin F.	Goshen, N. Y.
Stiseles, Ralph	Walden, N. Y.
Stoll, D. H., Co. (Inc.)	Buffalo, N. Y.
Stoppard, William, & Sons	Providence, R. I.
Stover, C. J.	Philadelphia, Pa.
Strange, John, Paper Co.	Menasha, Wis.
Stratford Cookson Co.	Philadelphia, Pa.
Stromberg-Carlson Telephone Manufacturing Co.	Rochester, N. Y.
Superior Steel Corporation	Pittsburgh, Pa.
Swayne, J. B.	Kennett Square, Pa.
Swiss Novelty Embroidery Co.	West New York
Symington, T. H., Co.	Rochester, N. Y.
Synthetic Chemical Manufacturers' Association	New York City.
Syracuse Twist Drill Co.	Syracuse, N. Y.
Tafnir Bearing Co.	New Britain, Conn.
Tamarack & Custer Consolidated Mining Co.	Wallace, Idaho.
Tap & Die Institute	New York City.
Taylor, E. M.	Walden, N. Y.
Taylor Instrument Co.	Rochester, N. Y.
Tennessee Manufacturers' Association	
Texas Employers' Association	
Thompson, C. C., Pottery Co.	East Liverpool, Ohio.
Thompson, J. H., & Sons	Kennett Square, Pa.
Todd Protectograph Co.	Rochester, N. Y.
Tolwell Bros. & Co.	Philadelphia, Pa.
Torrance Window Glass Co.	Los Angeles, Calif.
Toy, H. K., & Henley Skate Co.	Richmond, Ind.
Toy Manufacturers of the United States (Inc.)	Atlantic City.
Toy Manufacturers of the United States (Inc.)	New York City.
Trant & Hire Manufacturing Co.	New Britain, Conn.
Travis Carter Co.	Seymour, Ind.
Triangle Conduit Co.	
Trust Co. of Fulton County, N. Y.	Gloversville, N. Y.
Turner, John C., Co.	Dayton, Ohio.
Ulster Knife Co.	Ellenville, N. Y.
Umbrella Manufacturers' Association	New York City.
Ungerer & Co.	New York City.
Union Electric Light & Power Co.	St. Louis, Mo.
Union Knitting Mills	Schuylkill Haven, Pa.
Union League Club	Chicago, Ill.
Union Mills Paper Manufacturing Co.	New Hope, Pa.
Union Pin Co.	Winsted, Conn.
Union Trust Co.	Cleveland, Ohio.
Union Twist Drill Co.	Athol, Mass.
United Associated Industries	
United Chemical Works	Corona, Calif.
United Light & Railway Co.	Grand Rapids, Mich.
United Manufacturing Co.	New York City.
United Potters' Association	Salineville, Ohio.
United States Ball Bearing Manufacturing Co.	Chicago, Ill.

United States Glass Co.....	Pittsburgh, Pa.
United States Lace Curtain Mills.....	New York City.
United States National Bank.....	Portland, Oreg.
United States Potters' Association.....	East Liverpool, Ohio
United States Rubber Co.....	Bristol, R. I.
United Textile Workers of America.....	Philadelphia, Pa.
United Upholstery Manufacturers' Association.....	Philadelphia, Pa.
Universal Steel Co.....	Bridgeville, Pa.
Urdach, W. M., Electric Manufacturing Co.....	St. Louis, Mo.
Utica Cutlery Co.....	Utica, N. Y.
Utica Drop Forge & Tool Co.....	Utica, N. Y.
Utica Novelty & Mill Specialty Co.....	Utica, N. Y.
Utica Steam & Mohawk Valley Cotton Mills.....	Utica, N. Y.
Valley Forge Cutlery Co.....	Newark, N. J.
Valley Woolen Mill.....	Cherry Valley, Mass.
Vanadium-Alloys Steel Co.....	Latrobe, Pa.
Van Doren & Dutton Co.....	Cleveland, Ohio.
Van Doren Electric Tool Co.....	Cleveland, Ohio.
Vanity Fair Silk Mills.....	Reading, Pa.
Van Vleet Glove Co.....	Gloversville, N. Y.
Victor Knitting Mills.....	Milwaukee, Wis.
Victory Glass Co.....	Jeannette, Pa.
Vineland Flint Glass Works.....	Vineland, N. J.
Virginia Association for the Common Good.....	
Vogt, Walter J.....	Brooklyn, N. Y.
Wagner, Edward.....	Wheeling, W. Va.
Waltzfelder Braid Co.....	Brooklyn, N. Y.
Wakeman, W. F.....	New York City.
Walden Chamber of Commerce.....	Walden, N. Y.
Walden Knife Co.....	Walden, N. Y.
Wallace Barnes Co.....	Bristol, Conn.
Wallace, H. F.....	Boston, Mass.
Waltham Watch Co.....	Waltham, Mass.
Ward, H. C.....	Rochester, N. Y.
Ward-Stilson Co.....	Anderson, Ind.
Ware, A. W., & Co.....	New York City.
Warwick China Co.....	Wheeling, W. Va.
Warwick Cooperative Association.....	Wheeling, W. Va.
Warwick Knife Co.....	Warwick, N. Y.
Warwick Savings Bank.....	Warwick, N. Y.
Warwick, Town of.....	Warwick, N. Y.
Washburn Wire Works.....	Providence, R. I.
Washington Camp No. 4, Patriotic Order Sons of New York State.	Walden, N. Y.
Waterbury Clock Co.....	Waterbury, Conn.
Waterbury Steel Ball Co.....	Waterbury, Conn.
Webbing Manufacturers' Exchange.....	New York City.
Weber Knitting Mills.....	Appleton, Wis.
Weeden Manufacturing Co.....	New Bedford Mass.
Weeper, W. J., Co.....	Fonda, N. Y.
Welch, C. J.....	Conneaut, Ohio.
Welsbach Co.....	Gloucester, N. Y.
West End Thread Co.....	Boston, Mass.
West Leechburg Steel Co.....	Pittsburgh, Pa.
West Virginia Manufacturers' Association.....	
Westfield Manufacturing Co.....	Westfield, Pa.
Westinghouse Electric & Manufacturing Co.....	New York City.
Westinghouse Union Battery Co.....	Swissvale, Pa.
Westmoreland Chemical & Color Co.....	Philadelphia, Pa.
Weston Dodson & Co. (Inc.).....	Bethlehem, Pa.
Wheel & Wood Bending Co.....	Bridgeport, Conn.
Wheeling Steel Corporation.....	Wheeling, W. Va.
Whitin Machine Works.....	Whitinsville, Mass.
Whiting, John L.....	Boston, Mass.
Whitman & Barnes Manufacturing Co.....	Akron, Ohio.
Wierum, H. F.....	Valley, Wash.

Wilder Pike Thermometer Co.	Troy, N. Y.
Wileker Co., Martin.	New York City.
Wilkinson, H. S.	New York City.
Willamette Iron & Steel Works.	Portland, Oreg.
Willard, B.	New Orleans, La.
Willard Storage Battery Co.	Cleveland, Ohio.
Williams, C. K., & Co.	Easton, Pa.
Williams White Co.	Moline, Ill.
Wilson James E.	Pittsfield, Mass.
Winchester Repeating Arms Co.	New Haven, Conn.
Winter Bros. Co.	Wrentham, Mass.
Wirt, Charles.	Germantown, Pa.
Wirt & Knox Manufacturing Co.	Philadelphia, Pa.
Wolcott, V. A.	Butte, Mont.
Wolf Doll Co.	New York City.
Wolf Son Bros. Umbrella Co.	New York City.
Wollensack Optical Co.	Rochester, N. Y.
Wolsten Holme, Charles, Bros. Co.	Philadelphia, Pa.
Wolstenholme, Alfred, Sons Co.	Philadelphia, Pa.
Wolvering Paper Co.	Otsego, Mich.
Wood & Hyde Co.	Gloversville, N. Y.
Wood Shovel & Tool Co.	Piqua, Ohio.
Woodbury, M. F.	Hornell, N. Y.
Woodruff & Woodruff.	Greeley, Colo.
Woonsocket Brush Co.	Woonsocket, R. I.
Worcester Lawn Mower Co.	Worcester, Mass.
Worth Steel Co.	Clayton, Del.
Worumbo Co.	New York City.
Wright, B. O., & Co.	New York City.
Wyllie, H. R., China Co.	Huntington, W. Va.
Yale Novelty Co.	Leominster, Mass.
Yates, Eugene.	Milwaukee, Wis.
Yates, P. B., Machine Co.	Beloit, Wis.
Yawman & Erbe Manufacturing Co.	Rochester, N. Y.
Zimmer, W. U., & Sons.	Gloversville, N. Y.
Zinsser & Co.	Hastings on the Hudson.

LIST B.

Alphabetical list of firms and individuals opposing the American valuation plan, who have submitted their views, by letters or telegrams, to the Senate Committee on Finance.

Allen & Bayne.	Kansas City, Kans.
American Exporters & Importers' Association.	New York City.
American Spice Trade Association.	New York City.
American Street Lighting Co.	Baltimore, Md.
Associated Importers of Food Products.	New York City.
Associated Retailers of Sioux City.	Sioux City, Iowa.
Associated Terminals Co.	San Francisco, Calif.
Athletic Knitting Mills.	Chicago, Ill.
Ayres, L. S., & Co.	Indianapolis, Ind.
Baker Bowers Warehouse.	San Francisco, Calif.
Baker, H., & Co. (Inc.).	New York City.
Bayersdorfer, H., & Co.	Philadelphia, Pa.
Beach, B. A. and L. F.	Joliet, Ill.
Beck, Will H., Co.	Sioux City, Iowa.
Beehler, Williams.	Baltimore, Md.
Bemis Bros. Bag Co.	Boston, Mass.
Bell & Caldwell.	New York City.
Bergner, R. A., & Co.	Peoria, Ill.
Besore Dry Goods Co. (Inc.).	Waynesboro, Pa.
Block & Kuhl Co.	Peoria, Ill.
Blum, Emil, Co.	San Antonio, Tex.
Ron Marche.	Seattle, Wash.
Boston See Goods Co.	Fort Smith, Okla.
Boston Store.	Cairo, Ill.
Branch, G. B., & Co.	Coldwater, Mich.

Brandies, G. L., & Sons.....	Omaha, Nebr.
Brown, Charles, & Sons.....	San Francisco, Calif.
Brown & Sharpe Manufacturing Co.....	Providence, R. I.
Caille Perfection Motor Co.....	Detroit, Mich.
Cain Sloan Co.....	Nashville, Tenn.
California Packing Corporation.....	San Francisco, Calif.
Campbell, Charles H.....	Detroit, Mich.
Campbell, P. D.....	Pittsburgh, Pa.
Canton, W. E., Co.....	Detroit, Mich.
Central Dry Plate Co.....	St. Louis, Mo.
Chambon, F. S.....	McDonald, Pa.
Chester, Jacob N.....	New York City.
Chicago Association of Commerce.....	Chicago, Ill.
Christensen, W. T.....	Seattle, Wash.
Cities Illuminating Co. (Inc.).....	New York City.
Claffin, Geo. L., Co.....	Providence, R. I.
Claffins (Inc.).....	New York City.
Cleveland Chamber of Commerce.....	Cleveland, Ohio.
Colgate & Co.....	New York City.
Consumers' Committee Opposed to American Valuation.....	New York City.
Continental Pipe Manufacturing Co.....	Seattle, Wash.
Cooley, R. C.....	Pittsfield, Mass.
Crowley Bros.....	Detroit, Mich.
Crowley, C. H.....	New York City.
Crowley, Milner & Co.....	Detroit, Mich.
Daigger, A., & Co.....	Chicago, Ill.
Dannemora Steels Co.....	New York City.
Davidson Bros.....	Sioux City, Iowa.
Davis, D. L., & Co.....	Ashtabula, Ohio.
Davis, J. B. F., & Son.....	San Francisco, Calif.
Denver Dry Goods Co.....	Denver, Colo.
Derenthal, H. A.....	New Rochelle, N. Y.
Dickerson & Co.....	Detroit, Mich.
Dill Coppage (Inc.).....	San Francisco, Calif.
Dinkelspiel, L., & Co.....	San Francisco, Calif.
Dixie Furniture Co.....	San Antonio, Tex.
Dollar, Robert, Co.....	San Francisco, Calif.
Doyle, J. J.....	Latrobe, Pa.
Eagle Furniture Co.....	San Antonio, Tex.
Ebeling & Reuss.....	Philadelphia, Pa.
Edgerly, J. W., & Co.....	Ottumwa, Iowa.
Edwin Harrox (Inc.).....	New York City.
Ely, Charles S.....	Millville, Pa.
Emporium, The.....	San Francisco, Calif.
Exporters & Importers' Club.....	Detroit, Mich.
Fair Tariff League.....	New York City.
Federal Tool & Alloy Steel Corporation.....	New York City.
Felt & Farraut Manufacturing Co.....	Chicago, Ill.
Ferry, D. W., & Co.....	Detroit, Mich.
Field Co., L. H.....	Jackson, Mich.
Fisher, Bruce & Co.....	Philadelphia, Pa.
Franco-American Board of Commerce & Industry.....	New York City.
Frank Bros.....	San Antonio, Tex.
Fraser Dry Goods Co.....	Brockton, Mass.
Fraser Patterson Co.....	Seattle, Wash.
Frederick & Nelson.....	Seattle, Wash.
Fredonia Seed Co.....	Fredonia, N. Y.
Friedlander, Will W.....	Chicago, Ill.
Fuleihan Bros.....	New York City.
Gable, William F., Co.....	Altoona, Pa.
Garfield Trading Co.....	Garfield, Wash.
Gasser & Chase.....	Pocatello, Fla.
Gates, T. B. M.....	New York City.
Gaut, T. L.....	Pensacola, Fla.
General Steamship Corporation.....	San Francisco, Calif.
Gillespie Bros.....	Pittsburgh, Pa.

Gillette Safety Razor Co.....	Boston, Mass.
Goebel, J., & Co.....	New York City.
Graham, J. S. (Inc.).....	Seattle, Wash.
Grey, Geo., & Co.....	Detroit, Mich.
Griffin Cutlery Works.....	New York City.
Grinnell Bros.....	Detroit, Mich.
Grump, S. & G. Co.....	San Francisco, Calif.
Guarantee Furniture Co.....	San Antonio, Tex.
Hager & Bros.....	Lancaster, Pa.
Halle Bros. Co.....	Cleveland, Ohio.
Halliburton, Albert, Co.....	Tulsa, Okla.
Hammer & Co.....	San Francisco, Calif.
Hartz, C. F., Co.....	Detroit, Mich.
Haslett Warehouse Co.....	San Francisco, Calif.
Hedet Co.....	Baltimore, Md.
Henckels, J. A.....	New York City.
Hernance, Nicholas.....	New York City.
Heyman, Marcus A.....	New York City.
Hill, Harold Newlin.....	Philadelphia, Pa.
Hind Rolphy & Co.....	San Francisco, Calif.
Hobbs, Taft & Co.....	Boston, Mass.
Hobson, Haughton & Co.....	St. George, N. Y.
Hochschild, Kohn & Co. (Inc.).....	Baltimore, Md.
Hopkins, James R.....	St. Joseph, Mo.
Hudson, J. L., and Co.....	Detroit, Mich.
Hull Bros. Umbrella Co.....	Toledo, Ohio.
Hupp Motor Car Corporation.....	Detroit, Mich.
Ingram, Fred F., Co.....	Detroit, Mich.
Jahraus-Braun Co.....	Buffalo, N. Y.
Jandrey, E. E., Co.....	Neenah, Wis.
Johnson & Faulkner.....	New York City.
Jones, B. M., & Co. (Inc.).....	New York City.
Jones, S. L., & Co.....	San Francisco, Calif.
Jordan Marsh Co.....	Boston, Mass.
Joske Bros. Co.....	San Antonio, Tex.
Katy Furniture Co.....	San Antonio, Tex.
Kemble, C., & Son.....	Tidioute, Pa.
Kern Commercial Co.....	New York City.
King Furniture Co.....	San Antonio, Tex.
Kirk, James & Co.....	Chicago, Ill.
Klass, Max, Corporation.....	New York City.
Klein, Sol.....	Chicago, Ill.
Kreiser, James R. (Inc.).....	New York City.
Kresge, S. S., Co.....	Detroit, Mich.
Krolik, A., & Co.....	Detroit, Mich.
Lambert, William J.....	Washington, D. C.
Leatherbury, Rebote & Co.....	Onancock, Va.
Lincoln Knitting Co.....	Merrill, Wis.
Lining Merchants' Association of America.....	New York City.
Lugg, A. W., & Co.....	Knoxville, Pa.
MacWilliams Department Store.....	Wilkes-Barre, Pa.
McAllister & Co.....	San Francisco, Calif.
McAllister, W. M., Co.....	Syracuse, N. Y.
McCormick & Co.....	Baltimore, Md.
Maison Blanche Co.....	New Orleans, La.
Mandel, Loeb & Yankamer.....	New York City.
Mandrill, G. W., & Co.....	Gloversville, N. Y.
Mangin, I., & Co.....	San Francisco, Calif.
Manne & Weill.....	New York City.
Marshall Field & Co.....	Chicago, Ill.
Martin, T. S., & Co.....	Sioux City, Iowa.
Matson Navigation Co.....	San Francisco, Calif.
Merchants' Dinner Club.....	Battle Creek, Mich.
Merchants' Exchange.....	Seattle, Wash.
Merchants & Manufacturers' Association.....	Baltimore, Md.
Mills Dry Goods Co.....	Lansing, Mich.
Moore Clothing Co.....	Sioux City, Iowa.

Murphy, O. E.	Washington, Pa.
Nathan, M., & Bros. (Inc.)	Johnstown, Pa.
National Retail Dry Goods Association	New York City.
Neuberger & Co.	New York City.
Newcomb Endicott Co.	Detroit, Mich.
Newhall, H. M., & Co.	San Francisco, Calif.
New York Tribune	New York City.
Northrup Glove Manufacturing Co.	Johnstown, N. Y.
Norwegian American Chamber of Commerce	New York City.
O'Connor Harrison & Co.	San Francisco, Calif.
O'Connor, Moffatt & Co.	San Francisco, Calif.
Oriental Trading Co.	Winona, Minn.
Osborne, H. F., Co.	Detroit, Mich.
Palace Hardware House	Erie, Pa.
Park Davis & Co.	Detroit, Mich.
Parrott & Co.	San Francisco, Calif.
Peabody, Henry W., & Co.	New York City.
Pellettic Stores	Topeka, Kans.
Pennock, Edward	Philadelphia, Pa.
Penny, J. C., Co.	Crookston, Minn.
Penny, J. C., Co.	Phoenix, Ariz.
Peoria Merchants' Association	Peoria, Ill.
Philadelphia Drug Exchange	Philadelphia, Pa.
Pincus, B. F., & Co.	Philadelphia, Pa.
Pitcairn, William S., Corporation	New York City.
Poldi Steel Corporation of America	New York City.
Prager Co.	New York City.
Prange, H. C., & Co.	Sheboygan, Wis.
Putman, A. E., Co.	Washington, Iowa.
Rafter, John R.	New York City.
Ranshoffs	San Francisco, Calif.
Retail Merchants' Association	San Francisco, Calif.
Retail Merchants' Bureau	Denver, Colo.
Rhodes Co.	Seattle, Wash.
Regtel, W. H., Sons Co.	Ogden, Utah.
Rogers, Edwin A., & Co.	Boston, Mass.
Rudd, Paul E.	Milwaukee, Wis.
St. Louis Chamber of Commerce	St. Louis, Mo.
Schollenberger, T. M.	Chicago, Ill.
Schmidt, A. A.	New Rochelle, N. Y.
Seattle Chamber of Commerce	Seattle, Wash.
Selchow & Righter Co.	New York City.
Sherman & Sons Co.	New York City.
Sherwood, Geo. H., & Sons	Philadelphia, Pa.
Slesinger, L., & Sons	Baltimore, Md.
Small, William, & Co.	Leavenworth, Kans.
Spice Grinders' Section	Boston, Mass.
Sterchie Furniture Co.	San Antonio, Tex.
Stern, L. A.	New York City.
Stowen, G. A., Furniture Co.	San Antonio, Tex.
Strauss, Levi & Co.	San Francisco, Calif.
Sullivan, Sullivan and Theo J. Roche	San Francisco, Calif.
Taylor, Wm., Sons & Co.	Cleveland, Ohio.
Teichert, Ralph H.	Pasaic, N. J.
Texas Retail Dry Goods Association	Dallas, Tex.
Texas Sales Co.	San Antonio, Tex.
Thanhauser, S.	Philadelphia, Pa.
Three Rivers Exchange Club	Three Rivers, Mich.
Tilden-Thurber Corporation	Providence, R. I.
Tophen Co.	New York City.
Tottle, J. W., Five and Ten Cent Stores	Baltimore, Md.
Unger & Co.	New York City.
Union Ribbon & Carbon Co.	Philadelphia, Pa.
United Laundry (Inc.)	New Orleans, La.
Vasquez, J. A., & Co.	Habana, Cuba.
Wainwright, H. R.	Pittsburgh, Pa.
Warren Ax & Tool Co.	Warren, Pa.

Washer Bros. Co.....	San Antonio, Tex.
Watt & Shand.....	Lancaster, Pa.
Weill, Raphael & Co.....	San Francisco, Calif.
Wells, J. B., & Sons Co.....	Utica, N. Y.
Welsbach Street Lighting Co. of America.....	Philadelphia, Pa.
Werner, Chas. H., & Sons.....	Detroit, Mich.
Weslow, A.....	Anderson, Ind.
Wessel, Henry, Co.....	Baltimore, Md.
Western Furniture Co.....	San Antonio, Tex.
Western Washington Wholesale Grocers' Association.....	Seattle, Wash.
Whitney, Arthur.....	Newark, N. J.
Whittaker, Clarke.....	New York City.
Williams, A., Co.....	Reading, Pa.
Wohl, Smith & Co.....	New York City.
Wolff, Marx., Co.....	San Antonio, Tex.
Wolfson, Saul, Dry Goods Co.....	San Antonio, Tex.
Woodcock, Henry.....	New York City.
William Wright Co.....	Detroit, Mich.
Wyckoff, A. B.....	Stroudsburg, Pa.
Younkey Bros. (Inc.).....	Des Moines, Iowa.

SCHEDULE 1.—CHEMICALS, OILS, AND PAINTS.

ACIDS AND ACID ANHYDRIDES.

PARAGRAPH 1.—ACETIC ACID.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING LOWER DUTIES:

Mr. V. G. Bartram, representing the Shawinigan Products Co. and the New York Products Corporation, New York City.

Hearings: Pages 801-809.

Rates suggested.—Acetic acid to be placed on the free list.

Remarks.—The proposed duty of 2 cents per pound on acetic acid would exclude Canadian competition. Acetic acid is produced by this Canadian company synthetically and is obtained in the first stages 100 per cent pure. This pure acid is especially adapted for the manufacture of acetic anhydride and acetone and other pharmaceutical chemicals. There are no producers of synthetic acetic acid in the United States.

PARAGRAPH 1.—ARSENIC ACID, ARSENIUS ACID OR WHITE ARSENIC.

WITNESS.

FAVORING LOWER DUTIES:

Tyson Bros. (Inc.), Flora Dale, Pa. (Brief; no appearance at hearings.)

Rates suggested.—The brief is a protest against the proposed duty of 25 per cent on white arsenic and arsenic acid.

Remarks.—If the duty proposed in H. R. 7456 goes into effect, fruit and vegetable growers will be compelled to pay high prices for arsenate of lead and other arsenical spray materials. Arsenic is produced as a by-product from copper smelters, and producers are trying to hold the price up to 9 to 10 cents per pound, when they should be willing to sell at 3 or 4 cents per pound.

PARAGRAPHS 1, 46, 54, AND 1604.—CITRIC ACID, CITRATE OF LIME, LEMON AND ORANGE OILS, LEMON, LIME, AND SOUR ORANGE JUICES.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. G. Harold Powell, representing the California Citrus League, also the California Fruit Growers' Exchange, the Exchange By-Products Co., and the United Chemical Co., Los Angeles, Calif.

Mr. George M. Hamilton, representing the Upland Lemon Growers' Association, Mountain View Fruit Association, of Upland, and the College Heights Orange and Lemon Association of Claremont, Calif.

Hearings: Pages 813-822.

Witness: Mr. G. H. Powell, representing the California Citrus League and others.

Costs and selling prices.—The American and the foreign costs of production on citrate of lime are 20.2 cents and 5.1 cents, respectively. On citric acid the labor cost in the United States and Italy is 35.6 cents and 8.9 cents; on oil of lemon, 44 cents per pound and 11 cents, respectively. The American wage scale is four times that of Italy.

Rates suggested.—Twenty cents per pound on citric acid; 12 cents per pound on citrate of lime; 40 per cent ad valorem on lemon and orange oil. By the desired removal of citrus juices from the free list they would automatically come under paragraph 806, which provides for a duty of 70 cents per gallon on fruit juices, n. s. p. f. This would terminate the importation of concentrated juices, in which form citric acid would enter free.

Hearings: Pages 822–835.

Witness: Mr. G. N. Hamilton, representing the Upland Lemon Growers' Association and others.

Costs and selling prices.—Details on growing and manufacturing costs were given, the differential in favor of Italy being 85.2 cents per pound on citric acid, 50.1 cents per pound on citrate of lime, and 91 cents per pound on lemon oil. The United States wage scale is four times that of Italy. The California Citrus League reports that the excess labor cost in the United States over that of Italy is known to be 26.7 cents per pound of citric acid produced, 15.1 cents per pound of citrate of lime, and 33 cents per pound of oil of lemon. In 1914 lemons sold for \$2.20 a box laid down in New York. At present California lemons can be laid down in New York at \$4.58 a box; this figure allows no profit or interest. Last week California lemons sold for \$3.19 a box at auction, and imported lemons were selling for \$3.45.

Size of industry.—The Upland Lemon Growers Association has 213 members, owning 1,300 acres. Has erected a \$200,000 plant for production of by-products, and has about \$125,000,000 invested in groves and equipment. The association estimates that 12,500 men and their families depend on fruit growing. In 1920 the total area of bearing lemon trees was 33,059 acres; during the same year 3,615,000 boxes of lemons were shipped by California. About one-third of the citric acid consumed in the United States is produced in the California plants.

Rates suggested.—Seventy cents per pound on citric acid; 40 cents per pound on citrate of lime; 50 per cent ad valorem on oil of lemon; \$2.10 per gallon on lemon, lime, and sour orange and dried lemon juices. On all other products of the lemon, n. s. p. f., 70 cents per pound on the citric content thereof.

PARAGRAPH 1.—OXALIC AND FORMIC ACIDS.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. August Kochs, representing the Victor Chemical Works, Chicago, Ill.
The American Alkali and Acid Co., Bradford, Pa. (Brief.)

Hearings: Pages 797–801.

Witness: Mr. August Kochs.

Costs and selling prices.—Average wage in domestic factory, 55 cents; minimum, 37½ cents per hour. In October, 1919, the company's

productive cost of oxalic was 24 cents per pound, the lowest up to that time. Then importations resulted in a cut of market price to 15 cents per pound. In June the plant accomplished a cost of 17 cents per pound—made up of direct labor, 6.4 cents per pound; raw materials, 7 cents; factory operation, 1.1 cents; transportation, warehousing, administration, 2.5 cents per pound. It costs 18.28 cents per pound to make formic acid. German labor costs one-tenth of this, with wages of 40 marks per day. On July 16, 1921, German reports quote oxalic acid at 13½ marks, or 7.62 cents per pound.

Size of industry.—Nine chemists and four to five chemical engineers employed; the plant is equipped to produce at the rate of 5,000,000 pounds per year; \$600,000 capital in oxalic acid business.

Rates suggested.—Oxalic acid, 25 per cent ad valorem plus 5 cents per pound; formic acid, 25 per cent ad valorem plus 5 cents per pound; or 50 per cent ad valorem or 10 cents per pound specific.

Witness: The American Alkali & Acid Co., Bradford, Pa. (Brief; no appearance at hearing.)

Costs and selling prices.—Costs to the company were 9.8 cents in 1914, 30.9 cents in 1920, and are estimated at 16.5 cents for 1921. An itemized cost statement is included in the brief. The difference between German and United States labor costs is 9 cents per pound, in favor of Germany. German oxalic acid is being offered at 11 cents, c. i. f. New York.

Size of industry.—The company produces about 2,000,000 pounds a year and can produce 5,000,000 pounds if necessary.

Rates suggested.—Oxalic acid, 25 per cent ad valorem and 3 cents per pound if American valuation is retained; 10 cents per pound specific if American valuation is eliminated.

PARAGRAPH 1.—TANNIC ACID.

WITNESS, AND INTERESTS REPRESENTED.

REQUESTING RECLASSIFICATION:

Dr. Frederick W. Russe, representing the Powers-Weightman-Rosengarten Co., Philadelphia, Pa., and the Mallinckrodt Chemical Works, St. Louis, Mo.

Zinsser & Co., Hastings-on-Hudson, N. Y.

Hearings: Pages 236-240.

Witness: Dr. Frederick W. Russe.

Rates suggested.—That paragraph 1 be amended to read: "Tannic acid, tannin, and extracts or decoctions of nutgalls, containing by weight of tannic acid less than 40 per cent, 4 cents per pound; 40 per cent or more and less than 60 per cent, 10 cents per pound; and 60 per cent or more, 20 cents per pound."

Remarks.—The witness desires a change in the limits of the groups specified for tannic acid because of the difficulty in analysis and because U. S. P. tannin, the highest and most expensive grade, is likely to fall in the middle group, although intended to come within the higher (above 80 per cent) at 20 cents per pound.

In an amending brief, dated January 5, 1922, Dr. Russe states:

Rates suggested.—In view of advices from the United States Tariff Commission, that they have given thorough consideration to the analysis of tannic

acid and recognize the points raised in a previous brief, the Mallinckrodt Co. now suggests the following classification and rates of duty for tannic acid:

"Tannic acid, tannin, and extracts or decoctions of nutgalls, containing by weight of tannic acid less than 50 per cent, 6 cents per pound; 50 per cent or more and not medicinal, 15 cents per pound; 50 per cent or more and medicinal, 20 cents per pound."

Witness: Zinsser & Co., Hastings-on-Hudson, N. Y. (Brief; no appearance at hearings.)

Rates suggested.—This paragraph to be changed to read as follows:

Tannic acid less than 40 per centum, 4 cents per pound; more than 40 per centum and less than 55 per centum, 10 cents per pound; and 55 per centum and over, 20 cents per pound.

Remarks.—This change is desired because there is no reliable method for the determination of tannin, and the percentage limits specified in the bill would probably throw U. S. P. tannin in the middle class, although intended to fall within the higher group.

PARAGRAPHS 1 AND 9.—TARTARIC ACID, CREAM OF TARTAR, AND TARTRATE MATERIALS.

WITNESSES.

FAVORING PROPOSED OR HIGHER DUTIES:

The Tartar Chemical Works, New York City.
Charles Pfizer & Co. (Inc.), New York City.

Witness: The Tartar Chemical Works. (Brief; no appearance at hearings.)

Rates suggested.—The duty on tartaric acid to be increased from 6 cents per pound to 6 cents plus 10 per cent ad valorem; the duty on cream of tartar (par. 9) to be increased from 5 cents per pound to 5 cents plus 10 per cent ad valorem.

Witness: Chas. Pfizer & Co. (Inc.). (Brief; no appearance at hearings.)

Rates suggested.—Six cents per pound and 10 per cent ad valorem on tartaric acid, and 5 cents per pound and 10 per cent ad valorem on argols, tartar, and wine lees containing more than 90 per cent of potassium bitartrate, cream of tartar, Rochelle salts, or potassium sodium tartrate.

Remarks.—Since H. R. 7456 was framed, competition from Germany has increased so that the company's business has been practically cut in half.

PARAGRAPH 2.—ACETALDEHYDE AND PARACETALDEHYDE.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING LOWER DUTIES:

Mr. Ellwood B. Spear, representing the Goodyear Rubber Co., Akron, Ohio.
Mr. Mathew Adgate, representing the Naugatuck Chemical Co., Naugatuck, Conn.

Hearings: Page 809.

Witness: Mr. E. B. Spear, representing the Goodyear Rubber Co.

Rates suggested.—That these products come in duty free or at a very low rate.

Remarks.—If the duty is made very high it will mean that witness's company will have to abandon the use of these products in competition with other rubber companies in other substances.

Hearings: Pages 810-812.

Witness: Mr. M. Adgate, representing the Naugatuck Chemical Co.

Rates suggested.—A protest against high duties on acetaldehyde and paracetaldehyde. The present 15 per cent ad valorem rate is ample, as the entire foreign competition will be with Canada and not with Europe.

PARAGRAPH 2.—ACETALDEHYDE, PARACETALDEHYDE, ALDOL, OR ACETALDOL, AND ALDEHYDE AMMONIA.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. L. H. Davis, representing the Carbide & Carbon-Chemicals Corporation, New York City.

FAVORING LOWER DUTIES:

Mr. M. V. Bartram, representing the Shawinigan Products Co. and the New York Products Corporation.

Hearings: Pages 812-813.

Witness: Mr. L. H. Davis, representing the Carbide & Carbon-Chemicals Corporation.

Costs and selling prices.—The cost of production is not the same in the United States and Canada, because of lower cost of power in Canada; the large-scale plants built under the stimulus of war requirements are cheaper to operate than smaller plants to supply home markets; the Canadian plants were built on war-time contracts, with provision for amortizing the entire capital cost in one year's output.

Size of industry.—This company, with its associated companies, has been actively engaged in the development of synthetic processes for the commercial manufacture of many chemical derivatives of acetylene, including all those above given, since the year 1914. It has produced and sold substantial quantities of such products commercially and is prepared to engage more extensively in such business provided it receives protection in the new tariff law.

Hearings: Pages 801-809.

Witness: Mr. V. G. Bartram, representing the Shawinigan Products Co., etc.

Rates suggested.—That commercial grades of these products be allowed to enter the United States duty free.

Remarks.—These products are not manufactured at the present time on a commercial scale in this country. Acetaldehyde and paracetaldehyde have been developed as accelerators in the vulcanization of rubber, in the manufacture of synthetic tanning extracts, dyes, synthetic perfumes, and many other products. Aldol is being developed for use in the flotation process in concentrating copper ores.

PARAGRAPH 4.—BUTYL ALCOHOL AND FUSEL OIL.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. H. B. Warner, jr., representing the Commercial Solvents Corporation, Washington, D. C.

FAVORING LOWER DUTIES:

The Norwich Chemical Manufacturing Co., East Smethport, Pa. (Brief.)

The Anderson Chemical Co., Wallington, N. J. (Brief.)

The Van Schaack Bros. Chemical Works, Chicago, Ill. (Brief.)

The National Wood Chemical Association, Susquehanna, Pa. (Brief.)

Hearings: Pages 839-843.

Witness: Mr. H. B. Warner, jr.

Costs and selling prices.—Butyl alcohol to-day can be sold in this country for 23 cents a pound. The average domestic price of fusel alcohol before the war was 21 cents per pound. The cost of freight and packing on fusel alcohol from European markets to New York amounts to $3\frac{1}{2}$ cents to 4 cents per pound. Imported fusel oil is offered at 17 cents per pound. A brief subsequently filed by the witness (pp. 841-843) includes a table showing production cost for June, 1921, as 16.62 cents per pound of combined solvents, sold at 17.12 cents. Combined solvents consist of butyl alcohol 56 per cent, acetone 32 per cent, and ethyl alcohol 12 per cent.

Size of industry.—The Terre Haute plants of the corporation have an annual capacity of 5,000,000 gallons of combined solvents, only 3,000,000 gallons of which is butanol.

Rates suggested.—A duty of 20 cents per pound on butanol, amyl alcohol and fusel oil, as amyl alcohol and fusel oil come into direct competition with butyl alcohol.

Witness: The Norwich Chemical Manufacturing Co. (Brief; no appearance at hearings.)

Rates suggested.—The brief protests against the increase in duty on fusel oil from one-fourth cent per pound (act of 1913) to 6 cents per pound (H. R. 7456).

Remarks.—The company understands that the proposed increase is requested by the Commercial Solvents Corporation, manufacturers of butyl alcohol, a substitute for fusel oil. Such increase would work an injury to the users of fusel oil. It would bar imports and increase the market for butyl alcohol, and thus produce a greater supply of acetone, which is marketed as a by-product of butyl alcohol. It would be ruinous to the wood chemical industry, previously the sole source of acetone produced from acetate of lime, one of the principal products of that industry. Eighty per cent of the fusel oil consumed in the United States is imported.

Witness: The Anderson Chemical Co. (Brief; no appearance at hearings.)

Rates suggested.—The brief protests against the increase on crude fusel oil. It is believed that it would be unfair and unwise to place a duty on fusel oil in excess of 1 cent per pound, which would give ample protection to the one concern manufacturing butyl alcohol. Prior to the war, about four times as much fusel oil was imported as was produced in this country. It is the only known substitute.

for butyl alcohol and is limited in its application. A duty of 6 cents per pound would have the effect of making butyl alcohol a monopoly, as patent restrictions confine the manufacture of this product to a single corporation.

Witness: The Van Schaack Bros. Chemical Works. (Brief; no appearance at hearings.)

Costs and selling prices.—The firm is paying \$1.25 per gallon for fusel oil at the present time. A duty of 6 cents per pound would add 42 cents per gallon, a tremendous increase when added to the present cost.

Rates suggested.—The rate on fusel oil should remain at one-fourth cent, or should not be increased beyond 1 cent per pound at most.

Remarks.—The increased duty would scarcely yield more than \$150,000 a year. The Commercial Solvents Corporation, of Terre Haute, Ind., is the only producer of butyl alcohol; this product is used, in some instances, as a substitute for fusel oil. Inasmuch as the corporation has an entire monopoly on butyl alcohol, the proposed duty would favor the corporation to the great disadvantage of the Van Schaack firm.

Witness: The National Wood Chemical Association, Susquehanna, Pa. (Brief; no appearance at hearings.)

Size of industry.—Fusel oil is a by-product of the manufacture of ethyl alcohol. The domestic production from this source has been less than 20 per cent of the requirements of American industry.

Rates suggested.—The brief protests against the proposed increase in duty on fusel oil.

Remarks.—The Commercial Solvents Corporation, of Terre Haute, Ind., purchased the plants, processes, and patents used by the United States and British Governments for the manufacture of acetone and butyl alcohol. Acetone produced by this process competes directly with that made from acetate of lime, a product of the wood chemical industry. The Commercial Solvents Corporation has requested a duty of 20 cents per gallon, equivalent to 140 per cent on the present price of crude fusel oil. The duty in the House bill of 6 cents per pound is approximately 40 per cent of the present value of fusel oil. The proposed duty would increase the cost of fusel oil to consumers, now dependent upon Europe for 80 per cent of their requirements, would enhance the selling price of butyl alcohol, and enable the Commercial Solvents Corporation to dump by-product acetone on the market at less than the cost of production by wood distillation.

PARAGRAPH 5.—AMMONIUM ICHTHYOLATE.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. John Kuesel, representing the Meadows Oil & Chemical Co., Tenaflly, N. J.

Hearings: Pages 844-847.

Costs and selling prices.—The manufacturing costs of this medicinal article exceed \$2.70 per pound, while foreign synthetics are being dumped on the market as low as 35 cents per pound.

Size of industry.—Eight or nine men in the plant; the company has made about 10,000 pounds of ammonium ichthyolate from fossiliferous marine deposits located in Texas.

Rates suggested.—A duty of \$2 a pound as a counter charge on anything sold as a substitute.

Remarks.—This product is used as a remedy for infectious skin diseases and in hair tonics and ointment.

PARAGRAPH 5.—SUGAR OF MILK.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Charles Holman, representing the Associated Dairymen of California. (Brief; no appearance at hearings).

Costs and selling prices.—During 1920 the average cost of producing sugar of milk in California was 20½ cents per pound.

Size of industry.—From March 1, 1920, to February 28, 1921, the Milk Producers' Association of Central California, at Modesto, produced 940,680 pounds of sugar of milk. The cost of the by-products plants which were idle on account of low selling prices is at least \$75,000.

Rates suggested.—Four and a half cents per pound.

Remarks.—Central Californian sugar of milk was sold at a net loss of \$55.35 during 1920, and factories have been closed since September, 1921. Unless adequate protection is afforded, there appears to be little hope for this industry in the immediate future.

PARAGRAPH 7.—AMMONIUM SULPHATE.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. C. G. Atwater, representing committee of by-products coke producers and manufacturers, New York City.

FAVORING LOWER DUTIES:

Mr. R. F. Bower, representing the American Farm Bureau Federation.

Hearings: Pages 848–855.

Witness: Mr. C. G. Atwater, representing committee of by-products coke producers and manufacturers.

Size of industry.—The producing capacity in the United States more than equals the home demand.

Rates suggested.—The rate of \$12 per ton in the bill to be retained.

Remarks.—Submits (on page 850) a table of production and consumption of nitrogenous materials in Germany, showing a German surplus available for export amounting to 1,490,000 tons. A similar table shows that in 1920 production in the United States exceeded consumption by 60,000 tons.

Hearings: Pages 855–860.

Witness: Mr. R. F. Bower, representing the American Farm Bureau Federation.

Rates suggested.—That ammonium sulphate be left on the free list.

Remarks.—Ammonium sulphate is one of the two chief sources of nitrogen fertilizer in the United States; the other is sodium nitrate

from Chile. In the case of the latter, the domestic producer is protected by an export duty of \$11.85 per ton, benefiting the Chilean treasury. The witness points out that the Barrett Co. is agent for all large by-product coke-oven industries in the sale of ammonium sulphate.

PARAGRAPH 7.—AMMONIUM NITRATE.

WITNESS.

FAVORING LOWER DUTIES:

The Hercules Powder Co., Wilmington, Del. (Brief; no appearance at hearings.)

Costs and selling prices.—The present prevailing price of ammonium nitrate is 6 cents per pound; therefore the duty of 25 per cent ad valorem amounts to $1\frac{1}{2}$ cents per pound.

Rates suggested.—On the basic rate of three-fifths of 1 cent per pound on ammonium sulphate, as provided in H. R. 7456, the rate on ammonium nitrate in proportion to the ammonia content would not exceed one-half cent per pound. It is desired that this rate be substituted for the ad valorem rate.

Remarks.—In time of peace nitrate of ammonia is used practically only in the manufacture of dynamite. The proposed rate would impose an excessive burden on the mining industry, without giving a corresponding benefit to producers of ammonia gas.

PARAGRAPH 7.—AMMONIUM PERCHLORATE.

WITNESS.

FAVORING LOWER DUTIES:

The Atlas Powder Co., Wilmington, Del. (Brief; no appearance at hearings.)

Size of industry.—The company uses approximately 4,000,000 tons of this material yearly. At the present time there are no plants in the country producing or equipped to produce ammonium perchlorate.

Rates suggested.—Ammonium perchlorate to be included in the free list.

Remarks.—A duty will not give protection to any manufacturer; will only increase cost of explosives to the extent that the company would have to give up the manufacture of the improved nonfreezing grades. As far as is known, it is impossible to substitute any other chemical for ammonium perchlorate in this class of explosives.

PARAGRAPH 7.—LIQUID ANHYDROUS AMMONIA.

WITNESSES.

FAVORING PROPOSED OR HIGHER DUTIES:

The National Ammonia Co. (Inc.), St. Louis, Mo. (Brief.)

The Henry Bower Chemical Manufacturing Co., Philadelphia, Pa. (Brief.)

Witness: The National Ammonia Co. (Inc.). (Brief; no appearance at hearings.)

Rates suggested.—The duty on liquid anhydrous ammonia to be increased from $2\frac{1}{2}$ to 5 cents per pound. Ammonia sulphate regulates the

price of other ammonium compounds. H. R. 7456 provides a rate of three-fifths of 1 cent per pound on ammonia sulphate. As about 4.4 pounds of sulphate are required to produce 1 pound of anhydrous ammonia, the duty of three-fifths of 1 cent per pound on ammonium sulphate is equivalent to 2.64 cents per pound calculated on the anhydrous ammonia that it will produce. This gives a differential of one-fourth cent per pound against liquid anhydrous ammonia.

Witness: The Henry Bower Chemical Manufacturing Co.

(Brief; no appearance at hearings.)

Rates suggested.—A duty of 5 cents per pound to be placed on liquid anhydrous ammonia, equivalent to 16 per cent ad valorem, American valuation.

Remarks.—The duty on liquid anhydrous ammonia is not equitable, calculated on the duties that may be levied on ammoniacal liquor and the duty proposed on ammonium sulphate, the raw materials for anhydrous ammonia.

PARAGRAPH 7.—AMMONIACAL LIQUOR.

WITNESSES.

REQUESTING RECLASSIFICATION:

The Michigan Ammonia Works, Detroit, Mich.

The National Ammonia Co., St. Louis, Mo.

The Granby Consolidated Mining, Smelting & Power Co. (Ltd.), 25 Broad Street, New York City. (Briefs; no appearance at hearings.)

Rates suggested.—Ammoniocal liquor is not mentioned specifically in the Fordney bill. The briefs request classification at a rate not exceeding 10 per cent ad valorem, as now provided for in the act of 1913.

Remarks.—This is an important raw material in the manufacture of other ammonium compounds.

PARAGRAPH 7.—AMMONIUM CARBONATE AND AMMONIUM BICARBONATE.

WITNESS.

FAVORING PROPOSED OR HIGHER DUTIES:

The Michigan Ammonia Works, Detroit, Mich. (Brief; no appearance at hearings.)

Costs and selling prices.—In a brief dated August 8, 1921, dealing with ammonium carbonate, the company notes the largely increased importations from Europe at prices with which the American industry is unable to compete. As a result, the company, after having materially reduced production, has now discontinued the manufacture, hoping for better conditions. Labor forms a large item in the cost of production, a condition affording foreign competitors a great advantage.

Rates suggested.—A duty of 4 cents per pound on ammonium carbonate and of 5 cents per pound if packed in cans, boxes, kegs, or containers other than casks or barrels. This differential duty is called for by the amount of ammonium carbonate reaching this country

from abroad in the containers mentioned. Domestic purchases are largely in packages most convenient for immediate consumption.

Remarks.—This product is mainly used by bakers in the production of sweet goods. Less than a pound is required for 200 pounds of flour, producing about 300 pounds of such goods.

In a supplementary brief, dated January 18, 1922, the company asks for the inclusion of ammonium bicarbonate with ammonium carbonate. Large quantities of the bicarbonate are now being imported as a substitute for the carbonate, and the interests of the two are practically identical. The same rates of duty are therefore applicable and requested.

PARAGRAPH 8.—ANTIMONY OXIDE.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. R. L. Hoget, representing the Antimony Compounds Co., Piscataway, N. J.

FAVORING LOWER DUTIES:

The True-Tagg Paint Co., Memphis, Tenn. (Brief.)

Hearings: Pages 860-866.

Witness: Mr. R. L. Hoget.

Costs and selling prices.—American production cost is 8 cents a pound for antimony oxide; the Chinese about 2.5 cents. Prewar cost of production in China, f. o. b. Shanghai, was 3 cents to 3½ cents per pound. Chinese wages run from 5 to 40 cents per day, the efficiency of the Chinese 12-hour coolie being approximately 35 to 50 per cent of the American laborer, whose wages are \$3 to \$4 for 8 hours' work. Prices have varied from 7.8 and 9 cents to 25 cents per pound during the war. Even in the opening years of the present century the last-named price was obtained.

Size of industry.—The prewar production of the metal and the oxide was about 10,000 tons, of which American manufacturers produced 2,000 or 2,500 tons.

Rates suggested.—A duty of 4 cents per pound on oxide and metal.

Witness: The True-Tagg Paint Co. (Brief; no appearance at hearings.)

Rates suggested.—That "Timonox," a paint pigment composed of antimony oxide, be specially provided for at 1 cent per pound. An increase in the rate of duty is requested because the Italian Government, since the bill H. R. 7456 passed the House of Representatives, increased the export duty on tartrate materials from lire 2.20 gold to lire 6 gold per 100 kilograms. This increase on raw materials will add about 1 cent per pound to the finished product. During the last nine months large quantities of cream of tartar and tartaric acid have been thrown on this market, and American manufacturers have operated at about 40 per cent of production.

Remarks.—A process has been perfected in England which makes antimony oxide suitable for paint and varnish making. It does not compete with the ordinary grades of antimony oxide.

PARAGRAPH 8.—ANTIMONY COMPOUNDS.

WITNESS, AND INTEREST REPRESENTED.

FAVORING LOWER DUTIES:

Mr. G. C. Riddell (statement and brief), representing the Wah Chang Trading Corporation.

Hearings: Pages 867-870.

Rates suggested.—Antimony or needle or liquated antimony to be transferred to paragraph 376 and made dutiable at 1 cent per pound, compensatory with the rate on the metal, which is 1½ cents per pound.

Remarks.—If the provisions of H. R. 7456 were to make liquated or needle antimony the article of commerce instead of antimony metal or antimony oxide the crude antimony would be shipped here from China and converted into metal or oxide in this country. This would cause a complete change in the Chinese industrial position on antimony, as the plants would have to be rearranged to a basis of producing crude instead of metal.

PARAGRAPH 8.—TARTAR EMETIC OR POTASSIUM AMMONIUM TARTRATE.

WITNESS.

FAVORING PROPOSED OR HIGHER DUTIES:

Rohm & Haas Co., Philadelphia, Pa. (Brief; no appearance at hearings.)

Costs and selling prices.—The minimum selling price found by the company is 31 cents per pound. The proposed specific duty of 5 cents per pound would be lower than the ad valorem rate of 25 per cent now in force.

Rates suggested.—A specific duty of 15 cents per pound or an ad valorem rate of 50 per cent.

BARIUM CHEMICALS.

PARAGRAPHS 11 AND 64.—BARIUM DIOXIDE, NITRATE, CARBONATE, AND CHLORIDE, BARYTES, AND BLANC FIXE.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. J. G. Timolat (statement and brief), representing the Oakland Chemical Co., New York.

Mr. Maximilian Toch, representing barium manufacturers in the United States; address, New York City.

The Chicago Copper and Chemical Co., Chicago, Ill. (Brief.)

The J. H. R. Products Co., Willoughby, Ohio. (Brief.)

FAVORING LOWER DUTIES:

The American Face Brick Association, Chicago, Ill. (Brief.)

John Bene & Sons (Inc.), Brooklyn, N. Y. (Brief.)

Hearings: Pages 870-874.

Witness: Mr. J. G. Timolat.

Costs and selling prices.—In 1890-1898, barium peroxide cost 12 to 18 cents per pound to produce. In 1898 the English imported peroxide sold at 10 cents per pound. In 1918 the imported German

barium sold at 6½ cents per pound. The domestic cost in 1919 was 19.7 cents; labor being about one-third of the total. In 1919 barium carbonate had a cost value of 3.16 cents per pound; barium chloride, 5.39 cents per pound, and blanc fixe, 2.94 cents per pound. Eastern and western production and freight costs of barytes were given. In 1912-13, labor in the German chemical industry on the Rhine received 3 marks (72 cents at par value) per 10-hour day. In domestic plants \$2 was being paid for 9 hours' work.

Rates suggested.—The duty on crude barytes should not exceed \$2 per ton; on barium peroxide, 4 cents per pound; barium carbonate, 1 cent per pound; barium chloride, 1½ cents per pound; blanc fixe, 1 cent per pound; barium sulphide, 1 cent per pound; barium nitrate, 2 cents per pound.

Hearings: Pages 883-885.

Witness: Mr. Maximilian Toch.

Costs and selling prices.—Barium chloride costs \$106 per ton and barium carbonate \$62 to manufacture in the United States. Barium chloride was selling in January, 1921, at \$70 per ton, duty paid. To-day Germany offers it at \$43 per ton of 2,240 pounds, or small lots at \$53 per ton of 2,000 pounds. Barium carbonate is now being delivered from Germany in New York, free of duty, at less than \$45 per ton.

Rates suggested.—On barium carbonate and barium sulphate (artificial), 2 cents per pound; barium chloride and sodium sulphide (concentrated), 2½ cents per pound; barium sulphide, 1½ cents per pound; barium nitrate, 5 cents per pound; sodium sulphide (crystals), 1½ cents per pound; barium peroxide, 8 cents per pound; and witherite, 1 cent per pound. Other barium compounds, etc., 25 per cent ad valorem, to be taken in every case as 25 per cent of the American value or, in case of American valuation, there should be a flat duty of 50 per cent on all barium chemicals and barium products. These rates are based on protection of the American producer against imported German barium chemicals.

Witness: The Chicago Copper and Chemical Co. (Brief; no appearance at hearings.)

Costs and selling prices.—Foreign barium carbonate, barium chloride and barium hydrate are offered at 2 cents per pound below the lowest price the company could possibly make.

Rates suggested.—Higher duties on barium compounds than called for in H. R. 7456; barium hydrate to be mentioned specifically.

Remarks.—The company's plant has been practically closed down for the last 8 months, not on account of general stagnation of business, but because German products are coming in at so much below the company's actual cost.

Witness: The J. H. R. Products Co. (Brief; no appearance at hearings.)

Costs and selling prices.—The cost of producing barium peroxide in the United States in 1919 was 19.7 cents per pound; to-day the cost is at least 16 cents. The foreign product is being offered at between 8 and 15 cents per pound, c. i. f. New York.

Rates suggested.—An embargo until currency exchange becomes normal; thereafter a duty of not less than 8 cents per pound.

Witness: The American Face Brick Association. (Brief; no appearance at hearings.)

Costs and selling prices.—The prewar price of barium carbonate was between \$25 and \$30 per ton, f. o. b. New York. The price f. o. b. New York has been as high as \$80 to \$90 per ton within the past two years, and is now about \$45 per ton.

Rates suggested.—The brief protests against a duty of 1 cent per pound on precipitated barium carbonate.

Remarks.—Barium carbonate is used by more than one-half of the face-brick manufacturers for the purpose of keeping their brick free from efflorescence, or "whitewash." As from 5 to 15 pounds are used per 1,000 brick, the proposed duty of 1 cent per pound would add from $4\frac{1}{2}$ to $12\frac{3}{4}$ cents per 1,000 to the cost.

Hearings: Page 5121.

Witness: John Bene & Sons (Inc.), Brooklyn, New York. (Brief.)

Costs and selling prices.—A high-grade quality English barium dioxide can be imported at present, duty paid, for 16 cents per pound. A lower-grade German barium dioxide can be imported for $12\frac{1}{2}$ cents per pound, duty paid. The domestic production can be sold (quoting from a letter) "at a price to meet the lowest reputable firm in Germany."

Rates suggested.—Free.

Remarks.—Testimony is presented to show that there is virtually a monopoly of barium dioxide in this country and that if the proposed duty of $2\frac{1}{2}$ cents per pound goes into effect advantage would be taken to increase the price accordingly.

PARAGRAPH 14.—CAFFEINE AND TEA WASTE.

WITNESS, AND INTEREST REPRESENTED.

FAVORING LOWER DUTIES:

Mr. John F. Queeny, representing the Monsanto Chemical Works, St. Louis, Mo.

Hearings: Pages 885-901.

Size of industry.—The company is not a war concern; it has been in business over 20 years and built up quite a big business.

Rates suggested.—The company asks that impure tea, tea waste, and tea siftings (raw materials for caffeine) be transferred to the free list and that the rate of \$1.50 per pound on caffeine be retained. Salts or compounds of caffeine should carry the same rate of duty as caffeine itself, because they contain about 75 per cent of the pure article.

Remarks.—The present duty—1 cent per pound on tea waste—is equivalent to 45 cents per pound on the extractable caffeine. Since 1914 freight rates on tea have increased from 65 cents to \$1.90 per 100 pounds, an increase of \$1.25 per 100 pounds. This means an increase of 55 cents per pound in the cost of caffeine in the tea, so that duty and freight amount to \$1.30 per pound on the contained caffeine.

PARAGRAPH 15.—CALCIUM CARBIDE.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

The National Carbide Corporation, Bluefield, W. Va. (Brief.)

FAVORING LOWER DUTIES:

Mr. Don B. McCloud, representing the Gas Products Association, Chicago, Ill.

Mr. L. F. Loutrel, representing the Shawinigan Products Corporation, New York City.

Mr. R. A. Witherspoon, representing the Canada Carbide Co., Montreal, Quebec.

Mr. C. C. Pusey, representing the Alexander Milburn Co., Baltimore, Md. (Brief.)

The Paschall Oxygen Co., Philadelphia, Pa. (Brief.)

The United States Welding Co., Minneapolis, Minn. (Brief.)

The Nickel Fabricating Co. (Inc.), Philipsburg, Pa. (Brief.)

The Iron & Ore Corporation of America, New York City. (Brief.)

Hearings: Pages 934-938.

Witness: Mr. Don B. McCloud, representing the Gas Products Association.

Costs and selling prices.—Domestic carbide sold for \$98 per ton in January, 1920, and for \$112 a ton in September, 1920. The German product is inferior to the American, yielding 3.7 cubic feet per pound on lump carbide as against 4.5 cubic feet per pound for American.

Rates suggested.—The testimony is a protest against a duty on calcium carbide. In conjunction with oxygen the product is used for welding and cutting metals.

Remarks.—Details are given in regard to the organization and activities of the Union Carbide Co., a Virginia corporation, and other companies. Statements under this head have evoked written comment from that company, summarized on page 55. These are followed by an abstract of a brief submitted by the National Carbide Corporation.

Hearings: Pages 901-904.

Witness: Mr. L. F. Loutrel, representing the Shawinigan Products Corporation.

Costs and selling prices.—Best price quoted above firm, \$65 per ton, f. o. b. Hamburg, on what are called large sizes. The crushed (smaller) sizes command \$5 per ton more. The United States product sells in the neighborhood of \$100 per ton, delivered at consuming points. The witness claims that the German product is incorrectly sized and packed for marketing in the United States.

Size of industry.—Witness estimates the domestic production at 90,000 tons, of which 80,000 tons is produced by the Union Carbide Co. and the remainder by four other producers in the United States.

Comparability.—German carbide yields from 3.3 to 3.9 cubic feet per pound, whereas the American and the Canadian products run from 4.5 to 4.6 cubic feet.

Rates suggested.—That carbide be placed on the free list.

Remarks.—Warehousing for the proper distribution of carbide is, in the witness's opinion, a large factor. The Union Carbide Co. operates 170 warehouses, the Canadian Carbide Co. 38, and the other four United States producers about 30. The witness submitted several letters from domestic firms protesting against a duty on carbide and a

lengthy brief containing references to the Union Carbide Co. See below.

Hearings: Pages 904-934.

Witness: Mr. R. A. Witherspoon, representing the Canada Carbide Co.

Costs and selling prices.—The cost of carbide to the company last year on a total of 33,326 tons, of which 13,146 tons went into the United States, was \$81.91 per ton. The price received, \$83.18 per ton, left a profit of \$1.27 per ton. The power used in the manufacture of carbide represents slightly under 15 per cent; steel sheets, 28.75 per cent; coke, 14 per cent; lime from the United States, about 10.5 per cent, and electrodes, 8.67 per cent of the total production cost.

Size of industry.—The company has a 5 per cent bond issue of \$2,000,000 and is paying \$35,000 of preferred stock interest.

Remarks.—It is claimed that the company's advantage on power is more than offset by the freight haul to Quebec on raw materials bought in the United States, and the corresponding long haul on carbide from Shawinigan to United States markets.

Summary of comment referred to above.—The testimony and briefs of the Shawinigan and allied interests are critically reviewed by the Union Carbide Co. in a letter dated New York, November 2, 1921, to the Senate Committee on Finance, of which the following is an abstract:

Exception is taken to the ignoring of the production of carbide, in large quantities, in Norway, Sweden, Switzerland, and other European countries, at extremely low costs, from abundant hydro-electric power. Objection is also offered to the allegation that the German product is much inferior to that from American and other sources on the basis of certain tests made in London and which are not regarded as representative by the Union Carbide Co. In support of this attitude the company submits letters and an affidavit showing that German carbide is fully equal or higher than the American standard, both as regards gas content and proper sizing and, further, that analysis was made from samples actually taken from German carbide now being sold in the United States.

As regards the necessity of a duty on this material—supported by the company and denied by the Shawinigan interests—the letter refers to recent importations of calcium carbide. It notes, also, definite quotations for such German material at a price below the Canada Carbide Co.'s affirmed cost of production and precluding that company from placing its product on the market. Among evidence of that tendency is a letter from an Amsterdam firm, dated September 5, 1921, acting as the sole sale concessionaires for a number of the principal European carbide plants, in which, after referring to the advantage conferred by the exchange situation, the statement is made: "We intend coming into your market."

Coming to the assertion that United States production capacity is inadequate for the country's needs, it is affirmed that the Union Carbide Co. alone, without regard to the capacity of the

other manufacturers in the United States, has sufficient facilities and power to meet the entire demand. The company repels the charge of unfairness to prospective customers and alludes to statements of the Canada Co. that the placing of a United States duty on importations would lead to the establishment of a plant on the American side of the line by the Canada Co. As matters now stand, the company asserts that more than 40,000 tons of calcium carbide, valued at \$3,500,000, were imported into the United States from Canada in 1920. Part of this was produced in the Union Carbide Co.'s subsidiary plant on Canadian soil, erected in consequence of the placing of calcium carbide on the free list under the Underwood Act. The company's total outlay on this plant and on a similar plant in Norway amounts to \$10,000,000. In the absence of a protective duty, the company will be forced to rely on these two plants, operated at extremely low costs, for their entire supply to the United States, thereby depriving thousands of American operatives of employment. On the other hand, the proposed duty of 1 cent per pound would lead to the utilization of the Norway plant for other purposes, such as electric smelting of pig iron, the product to be disposed of in other parts of the world.

The Union Carbide Co. strongly favors the protective tariff policy and states definitely that, if the proposed duty is adopted, no increase in its prices will follow.

In a supplementary communication, dated December 2, 1921, the Union Carbide Co. directs attention to a bulletin of the New York News Bureau Association, dated December 1, 1921, in which the Canada Carbide Co. is reported as having joined with the British Cellulose Corporation in an application to have carbide declared a key industry under the British safeguarding of industries act, 1921. The effect of such declaration would be to give Canada, as a unit of the British Empire, free entry of calcium carbide into Great Britain, as compared with a duty of 33½ per cent levied on that product manufactured in the United States and other countries. It is also noted that acetic acid, largely produced from calcium carbide, is already included as a key-industry product under the act, with corresponding results.

The Union Carbide Co. regards the efforts of Canadian manufacturers in this direction as highly inconsistent with their action in opposing the duty on calcium carbide proposed in the bill.

In a brief, dated August 31, 1921, the National Carbide Corporation, of Bluefield, W. Va. (pp. 938-947), deals at length with statements made before the committee. The arguments are summarized below:

The corporation, although believing that a higher duty of 1½ cents per pound on calcium carbide is justifiable under present conditions, including foreign-exchange rates, is content to accept the 1-cent rate provided in the House bill.

Referring to the opposition to the duty, the brief combats the claim that the duty would tend to create a monopoly for the Union Carbide Co. The corporation believes that the normal requirements of the United States are overstated by the opponents

of the duty at 150,000 tons, just as they have underestimated the country's productive capacity. An annual demand of 120,000 tons is much nearer the mark, while there are American plants capable of producing, in the aggregate, from 123,000 to 168,000 tons, of which 80,000 to 125,000 tons are due to the Union Carbide Co.'s plant.

The brief goes on to state that there is equally little fear of a monopoly being created in the acetylene gas field, again to the advantage of the Union Co. Plants other than those of that company would suffice to meet the requirements of the acetylene manufacturers, especially as the plants are favorably distributed over the country. Such monopoly as the Union Co. possessed in virtue of a product patent for a new American industry expired with the patent in 1912.

Nor is this all. Acetylene gas, in which form carbide is ultimately used, has to compete with every other illuminant, even in the smaller communities. Even in its specialized use for cutting and welding metals it meets with the competition of other modern agencies. It is also contended, in the brief, that a 60 per cent advance in price, from \$70 per ton in 1913 to \$112 in 1920, is extremely moderate in the face of simultaneous advances, ranging from 100 to 500 per cent, in factors entering into the production of carbide.

The alleged impossibility of European, especially German, competition and the concomitant exclusion of revenue from the proposed duty are met by the statement that German specifications stipulate as high a standard as the American, while methods of sizing and packing can easily be conformed to United States standards. The absence of European carbide imports since 1913, of which much has been made by the opponents of a duty, is accounted for by the strain of war conditions upon inadequate plants. The change effected in this respect is shown by an increased capacity in German plants alone from 12,000 to 450,000 metric tons.

Reverting to prices, the fact that importations of European carbide are now being made removes the question from the academic field. It is being offered in New York in small lots at \$78 and \$80 per ton—more than \$20 below the price of the American product sold under similar conditions. For larger lots, \$64.50 per ton has recently been quoted—a price materially below American factory costs, leaving transportation, distribution, and selling expenses out of account. Even with the proposed duty of 1 cent per pound, the European producer will still have an advantage in the entire seaboard territory of this country.

It will, in fact, be ruinous to the American industry to have this market open to the competition of low-wage scales, aided by the exchange situation. The proposed duty, so far from being prohibitive, may even be inadequate to equalize conditions in these respects. Again, public policy would demand that consideration be given the question whether enormous German war plants, even if turned to other uses, should be maintained in potential effect by the patronage of the American public.

The brief is accompanied by copies of letters from the Iron & Ore Corporation of America, offering calcium carbide on the low term—

cited in the brief. Two letters from foreign producers also offer carbide on low terms.

Hearings: Pages 5125-5135.

Witness: Mr. C. C. Pusey, representing Alexander Milburn Co.

Costs and selling prices.—The selling price of calcium carbide has increased from \$70 per ton in 1913 to a maximum of \$112 in September, 1920, and is at present between \$80 and \$90.

Size of industry.—The normal domestic consumption of calcium carbide is 150,000 tons annually, of which approximately 10 per cent is imported from Canada and practically negligible amounts from Europe. Of the above amounts, the Union Carbide & Carbon Co. produces 80,000 tons in domestic plants and 45,000 tons in its Canadian plant. The Canadian Carbide Co. exports from 10,000 to 15,000 tons per year to the United States, while independent domestic manufacturers produce about 15,000 tons, making up the total consumption.

Rates suggested.—Free list.

Remarks.—Testimony presented shows that the Union Carbide & Carbon Co. has a monopoly on the production of calcium carbide, supplying 83½ per cent of domestic requirements, of which about one-third is imported from its Canadian plant. The effect of a tariff of 1 cent per pound would be equivalent to a 25 per cent ad valorem duty at the present selling price of \$80 per ton.

Witness: The Paschall Oxygen Co. (Brief; no appearance at hearings.)

Rates suggested.—Free list.

Remarks.—As brought out in the brief of the Alexander Milburn Co., above, a duty on carbide would give a greater monopoly than ever to the Union Carbide & Carbon Co. Similarly, the effect of German, Norwegian, and Canadian competition is discounted. A duty on carbide would result in no imports, and consequently no revenue.

Witness: The United States Welding Co. (Brief; no appearance at hearings.)

Rates suggested.—Free list.

Remarks.—In support of the company's request, Mr. Mathews submits a brief of the Shawinigan Products Corporation, favoring retention of carbide on the free list. (See p. 929.)

Witness: The Nickel Fabricating Co. (Brief; no appearance at hearings.)

Rates suggested.—Free list.

Remarks.—Statistics are presented showing the monopoly which the Union Carbide & Carbon Co. has enjoyed since 1913, when carbide became free of duty. A duty would still further increase this monopoly.

Witness: The Iron & Ore Corporation of America. (Brief; no appearance at hearings.)

Rates suggested.—Free, or not more than one-fourth cent per pound.

Remarks.—The proposed duty would prohibit all imports, with consequently no revenue; the price of the domestic product would be raised, which would affect every miner using carbide, as miners have to pay for this material themselves.

PARAGRAPH 16.—MERCURIAL PREPARATIONS.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. A. G. Rosengarten, representing the Powers-Weightman-Rosengarten Co., Philadelphia, Pa.

Hearings: Pages 948-958.

Costs and selling prices.—The present value of mercury is about \$45 per flask of 75 pounds. The witness was unwilling to give details of production costs, but stated that 25 per cent of them are represented by labor.

Rates suggested.—Twenty-five per cent ad valorem plus 32 cents per pound—an increase over the rates specified in H. R. 7456. This is called for by the increase in duty on quicksilver (par. 383) from 7 cents, as reported to the House, to 35 cents by amendment on the floor. As mercurial preparations require an average of 90 per cent by weight of quicksilver the duty placed on them should be increased by a compensating duty of 90 per cent of the duty on quicksilver, equivalent to 32 cents per pound.

PARAGRAPH 18.—PRECIPITATED CHALK.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Carleton H. Palmer, representing the Lowell M. Palmer Chemical Works, Brooklyn, N. Y.

Hearings: Pages 958-969.

Costs and selling prices.—During the first quarter of 1919 the cost was 4.12 cents, while the selling price was 4.5 cents. In 1920 the production cost rose steadily from 3.7 cents to 7.02 cents, while the selling price remained stationary—5.38 to 5.5 cents. A table submitted shows increase in cost of labor, material, barrels, bags, etc., in 1920 as against 1915. The present price of English imports varies from 2½ to 4 cents per pound, as against a domestic cost of 3¼ cents per pound.

Size of industry.—It is estimated that about 5,000,000 pounds of chalk are used annually in the United States. The maximum ever manufactured by this firm is about 1,700,000 pounds, or about two-fifths of the total consumption. The plant is absolutely shut down to-day because of English competition.

Comparability.—The foreign product is described as being equal to the domestic.

Rates suggested.—That paragraph 15 be amended to read:

Chalk, when ground, bolted, precipitated naturally or artificially, or otherwise prepared, whether in the form of cubes, blocks, sticks or disks, or otherwise, including tailors', billiard, red, or French chalk, 1 cent per pound; precipitated chalk, when prepared for medicinal use, 1½ cents per pound; manufactures of chalk, not specially provided for in this section, 25 per cent ad valorem.

Remarks.—When the war began, 50 per cent of the consumption came from Germany; to-day, 90 per cent of it comes from England, and there are no German importations.

PARAGRAPH 18.—WHITING AND PARIS WHITE.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Herbert T. Spooner, representing the H. F. Taintor Manufacturing Co.,
New York City. (Brief.)

Hearings: Pages 969, 970.

Costs and selling prices.—The price of imported whiting is now \$17 to \$18 per ton c. i. f. here. The price in the United States of by-product whiting and whiting made from limestone is as low as \$13.50 per ton, while that made from imported chalk ranges from \$22 to \$35 per ton, according to grade.

Rates suggested.—Crude chalk (par. 1543) to remain on the free list. The proposed duty in paragraph 18 (15 per cent ad valorem) is not sufficient to protect the industry and a duty of one-half cent per pound, or its equivalent in ad valorem, is requested.

Remarks.—Attention was called by the witness to paragraph 209, providing for "French chalk, crude and unground," which appears to be in conflict with paragraph 1543, putting crude chalk, wherever it comes from, on the free list. It is urged in the brief that paragraph 209 be so amended as to preclude the possibility of having any duty placed on crude chalk. The brief states that there are no deposits of chalk in the United States from which satisfactory whiting and Paris white can be manufactured.

PARAGRAPH 18.—CHALK CRAYONS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

The American Crayon Co. and all American producers of blackboard chalk.
(Brief; no appearance at hearings.)

Costs and selling prices.—The cheapest domestic blackboard crayons are now selling for \$23 per case of 100 gross, while German crayons, imported through Holland, are selling for \$13.50.

Size of industry.—Capital employed directly, over \$2,000,000; indirectly, several million dollars. Employees affected, directly, 500 to 800, all skilled labor; indirectly (estimated), 1,500 to 2,000. The industry has been built up through four generations and, until the rates of exchange became dislocated, had a world-wide trade, but is now helpless to compete abroad and is threatened with ruin in this country.

Rates suggested.—Chalk or whiting or Paris white, dry ground, bolted, or precipitated, 15 per cent ad valorem; chalk, crayon, billiard chalk, tailors' chalk, 5 cents per gross and 25 per cent ad valorem; blocks, sticks, disks, or red, or otherwise, and manufactures of chalk not especially provided for, 25 per cent ad valorem.

Remarks.—Two illustrations were submitted, one showing a box of this concern's brand of Waltham crayons, and the other having exactly the same picture with the Dutch importer's trade-mark substituted for that of the American concern, showing the methods resorted to by foreign dealers to capture American business.

PARAGRAPH 24.—CHLORAL HYDRATE.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. John F. Queeny, representing the Monsanto Chemical Works, St. Louis, Mo.

Hearings: Pages 885-901.

Costs and selling prices.—It does not pay to manufacture at a price less than 75 cents per pound—its present price.

Size of industry.—The company employs 25 or 30 persons in the department making chloral hydrate. Consumption in this country is less than 100,000 pounds a year, but it is a very important medicinal chemical.

Rates suggested.—A duty of 25 per cent ad valorem and 35 cents per pound.

PARAGRAPH 26.—COLOR LAKES.

WITNESS, AND INTEREST REPRESENTED.

REQUESTING RECLASSIFICATION:

Mr. A. S. Somers, representing dry-color manufacturers; address, New York City.

Hearings: Pages 1011-1019.

Rates suggested.—That color lakes and pigments derived from coal-tar products be taken out of paragraph 26 and incorporated in a new paragraph to read:

Color lakes and all other pigments, whether dry or in bulk, made in whole or in part from coal-tar dyes, leuco acids, leuco bases, or any other coal-tar derivatives, 35 per cent ad valorem plus 7 cents per pound specific.

Remarks.—A separate paragraph is desired because of conflict in the appraisement and assessment of duties on color lakes. The witness emphasizes the necessity of equalizing the rates on raw materials and the finished product. The wages paid in the industry are approximately 600 per cent higher than those being paid to German laborers to-day.

PARAGRAPH 26.—METOL.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Dr. Max Mueller, representing the Rhodia Chemical Co.; address, New York City.

Hearings: Pages 998-1001.

Costs and selling prices.—Domestic costs, \$4 per pound as against French, 68 francs per kilo, or \$2.68 per pound (franc value, 8 cents). The imported article is being produced at \$2.68 or less.

Size of industry.—The domestic consumption is about 75,000 pounds annually, of which 10,975 pounds were produced in the United States in 1918 and 59,024 pounds in 1919. The company employs about 25 operatives.

Rates suggested.—Metol (monomethyl-paramidophenol sulphate) should be mentioned specifically at a rate of 30 per cent ad valorem plus \$1.50 per pound.

Remarks.—Metol is a coal-tar photographic chemical. If all the metol consumed were manufactured in this country upward of 100 employees would be required.

PARAGRAPH 26.—HYDROQUINONE.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Dr. Max Mueller, representing the Rhodia Chemical Co.; address, New York City.

Hearings: Pages 998–1001.

Costs and selling prices.—Not including selling expenses, \$1.35 per pound, while the imported article can be laid down in this country for \$1.10.

Size of industry.—Domestic production, 1918, 305,774 pounds; in 1919, 272,329 pounds.

Rates suggested.—Specific mention of hydroquinone at 30 per cent ad valorem and 50 cents per pound. It is a photographic chemical.

PARAGRAPH 30.—GALALITH.

WITNESS.

FAVORING PROPOSED OR HIGHER DUTIES:

The United States Casold Co., Alladanite Chemical Co., Newark, N. J. (Brief; no appearance at hearings.)

Costs and selling prices.—Imported German galalith is being sold in this country at the cost of domestic production.

Rates suggested.—Forty cents per pound.

Remarks.—This is an infant industry and unless afforded adequate protection can not survive. Galalith is a casein product made into manufactured articles, such as combs, buttons, toilet articles, handles, etc., and is a substitute for ivory, amber, ebony, tortoise shell, coral, horn, and ebonite.

PARAGRAPH 33.—LICORICE ROOT.

WITNESS, AND INTEREST REPRESENTED.

FAVORING LOWER DUTIES:

Mr. W. L. Geddes, representing the MacAndrews & Forbes Co., New York City.

Hearings: Pages 1019–1025.

Costs and selling prices.—The prewar price was about \$50 a ton; at present the price runs anywhere from \$100 to \$300 per ton.

Size of industry.—The witness's firm imports about 50,000 tons of licorice root annually, retaining about two-thirds for its own use and selling the remainder to other manufacturers. There are three or four companies making licorice extract, employing about 700 men.

Rates suggested.—Would place the raw material on the free list—regards the House duty on the finished product as ample.

PARAGRAPH 36.—DYEWOOD EXTRACTS.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. George L. Terrasse, representing J. S. Young & Co. and six other companies; address, Hanover, Pa.

Hearings: Pages 1025–1028.

Size of industry.—The prewar production amounted to 29,000,000 pounds, valued at a little more than \$1,300,000. The witness estimates the maximum production, 1915–1917, at 60,000,000 pounds annually.

Rates suggested.—An increase from the 11 per cent ad valorem in the bill to about 25 per cent.

PARAGRAPH 36.—LOGWOOD EXTRACTS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

The Oakes Manufacturing Co., Long Island City, N. Y.

The Stamford Dyewood Co., Stamford, Conn.

Mr. C. B. Miller, representing J. S. Young Co., Hanover, Pa., J. D. Lewis, Providence, R. I., MacAndrews & Forbes Co., Camden, N. J., the J. S. Young Co., Baltimore, Md., Taylor White Extracting Co., Camden, N. J., Imperial Dyewood Co., Lynchburg, Va.

Witness: The Oakes Manufacturing Co. (Brief; no appearance at hearings.)

Costs and selling prices.—Owing to the erection of logwood extract plants in the West Indies, designed to take advantage of cheap labor and readily available raw material, imported material has undersold the domestic logwood extract.

Rates suggested.—Extracts of logwood (dry or crystals), 3 cents per pound; extracts of logwood (in what is commercially known as "solid" or block form), 2½ cents per pound; extracts of logwood (paste or liquids of 51° Twaddell or less), 1½ cents per pound. This classification recognizes the three commercial grades now sold, not taken into consideration by the act of 1913.

Witness: The Stamford Dyewood Co. (Brief; no appearance at hearings.)

Costs and selling prices.—Selling prices of July, 1921, for liquid logwood extract, 9 cents; solid, 12 cents; crystals, 15 cents per pound, with small demand at these prices.

Size of industry.—There were four domestic manufacturers prior to the war. The shortage of aniline colors led to the increased use of logwood extract by textile mills, and there are now four additional extract manufacturers.

Rates suggested.—Same as in H. R. 7456.

Remarks.—The proposed rate is entirely adequate to afford protection against foreign extracts made by cheap labor and to promote a healthy state of competition.

Witness: Mr. C. B. Miller, representing six firms. (Joint brief; no appearance at hearings.)

Rate suggested.—Twenty-five per cent ad valorem.

Remarks.—The arguments adduced are similar to those in two previous briefs. As coal-tar dyes are given 35 per cent in H. R. 7456, it is argued that a rate of 11 per cent ad valorem for natural dye extracts is a discrimination against the latter. These extracts compete with coal-tar dyes and are subject to almost as intense foreign competition.

PARAGRAPH 39.—GELATIN.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. George Upton, representing the National Association of Glue and Gelatin Manufacturers and the American Glue Co., manufacturers of glue and gelatin; address, Boston, Mass.

FAVORING LOWER DUTIES:

Mr. Harold A. Sinclair. (Brief.)

Hearings: Pages 1028-1038.

Witness: Mr. George Upton.

Costs and selling prices.—The labor cost per pound of gelatin is approximately four times and the capital invested per pound of gelatin about three times that of glue. Based on a gold standard, cost figures of gelatin in the United States and in Europe are approximately $4\frac{1}{2}$ to 1. Labor in the United States costs approximately 49 cents and in Germany $7\frac{1}{2}$ cents per hour. European manufacturing costs of high-grade technical gelatin are 10.06 cents, as compared with American at 54.13 cents; further details were given on these costs. The average French, German, and Belgian wage is 10.9 cents per hour; United States, 49 cents. Selling prices are as follows:

	Per pound.
Belgian gelatin.....	\$0.39
American, wholesale.....	.62
French gelatin.....	.32
American, wholesale.....	.51

Size of industry.—About \$15,000,000 invested capital, seven factories, 3,000 men. The American Glue Co. factory at Peabody, Mass., represents an investment of \$2,000,000.

Rates suggested.—The rewording of paragraph 39 along these lines:

Glue, and glue size, 20 per cent ad valorem and $1\frac{1}{2}$ cents per pound; manufactures, wholly or in chief value of glue, casein glue, isinglass, and other fish sounds, cleaned, split, or otherwise prepared, and agar agar, 25 per cent ad valorem.

Gelatin conforming to United States pure-food laws specifications, 20 per cent ad valorem and 7 cents per pound. Technical gelatin, gelatin in sheets, or otherwise, with physical qualities to show a solidified jelly in mixture of 1.8 grams of gelatin to 100 cubic centimeters of water at 42° Fahrenheit for six hours, valued above 30 cents per pound, 20 per cent ad valorem and 15 cents per pound. Manufactures, wholly or in chief value of gelatin, 35 per cent ad valorem.

In an amended brief filed August 15, Mr. Upton suggested that the classification and rates previously submitted to the committee be amended as follows:

Edible gelatin, valued at less than 60 cents per pound; 20 per centum ad valorem and 7 cents per pound; valued at 60 cents or more per pound, 20 per centum ad valorem and 15 cents per pound.

Gelatin, glue, glue size, and fish glue not specially provided for, valued at less than 60 cents per pound, 23 per centum ad valorem and 1½ cents per pound; valued at 60 cents per pound and above, 20 per centum ad valorem and 15 cents per pound.

Casein glue, agar agar, isinglass and other fish sounds, cleaned, split, or otherwise prepared; manufactures, wholly or in chief value of gelatin, glue or glue size, 25 per centum ad valorem.

The above request is based on American valuation; if the American value plan is not incorporated in the bill, it is suggested that classification and rates be as follows:

Edible gelatin, valued at less than 40 cents per pound, 30 per centum ad valorem and 7 cents per pound; valued at 40 cents or more per pound, 25 per centum ad valorem and 15 cents per pound.

Gelatin, glue, glue size, and fish glue not specially provided for, valued at less than 15 cents per pound, 25 per centum ad valorem and 1½ cents per pound; valued at 15 cents per pound, and not above 40 cents per pound, 25 per centum ad valorem and 5 cents per pound; valued at 40 cents per pound and above, 25 per centum ad valorem and 15 cents per pound.

Casein glue, agar agar, isinglass, and other fish sounds, cleaned, split, or otherwise prepared; manufactures, wholly or in chief value of gelatin, glue or glue size, 25 per centum ad valorem.

Witness: Mr. Harold A. Sinclair. (Brief; no appearance at hearings.)

Costs and selling prices.—It is stated that coal is higher on the other side than here, while labor is as high here at the present time. Raw materials are obtainable in this country at no higher cost than in Europe. By far the largest proportion of raw materials comes from South and Central America, and Europe secures supplies from the same sources at the same prices. Selling prices in the United States are higher than in any other producing country.

Rates suggested.—The witness protests against high rates on glue and gelatin.

Remarks.—Imports consist largely of goods of special types, not made in this country. The effect of a lower tariff would be to lead to a needed improvement in American manufacturing methods. Imports of glues and gelatins are not over 5 per cent of the total United States consumption. It is impossible to assess a duty fairly on American valuation, as practically all imported gelatin and most imported glues have no prototypes in goods of domestic production.

PARAGRAPH 46.—CITRATE OF LIME.

(See also par. 1, p. 40.)

WITNESS, AND INTERESTS REPRESENTED.

FAVORING LOWER DUTIES:

Mr. A. G. Rosengarten, representing the Powers-Weightman-Rosengarten Co., Philadelphia; Charles Pfizer & Co., New York City.

Hearings: Pages 948-958.

Rates suggested.—A duty of 12 cents per pound on citric acid (par. 1), and a duty of not more than 2 cents on citrate of lime.

Remarks.—As 2 pounds of citrate of lime are required to produce 1 pound of citric acid, a duty of 7 cents per pound on citrate of lime is equivalent to 14 cents per pound on the citric-acid content; the duty of 12 cents on citric acid, the finished product, is consequently lower than the duty on the crude material.

"In view of the fact that the California makers of citric acid are at present only able to supply a small portion of the total requirements of the United States, and do not expect for possibly five years to reach a point where they could even provide half the consumption, the situation resolves itself into the fact that a large part of the production heretofore made in the United States by American manufacturers will be surrendered to foreign producers, and that the industry which has been conducted for the past 50 years in the East will be extinguished."

MAGNESIUM SALTS AND MAGNESITE.

PARAGRAPH 47.—EPSOM SALTS.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. P. W. Drackett, representing eight domestic manufacturers of Epsom salts; address, Cincinnati, Ohio.

Hearings: Pages 1038-1042.

Costs and selling prices.—In 1908 German Epsom salts were imported at 32 cents per 100 pounds, the cost of production in the United States being 90 cents. In 1913 Epsom salts were valued at 45 cents per 100 pounds, and the American production cost was \$1. In 1914 the German valuation was 35 cents, with United States production cost \$1.10. In 1915 the German valuation was 47 cents, and in the early part of that year the American production cost was \$1.75, rising in the latter part to \$2.25. In 1920 the United States cost of production was \$2.875 per 100 pounds, of which \$1.12 represented labor cost. German Epsom salts are now laid down in New York for \$1 per 100 pounds. The average American wage of \$5 per day compares with 56 cents a day in Germany.

Size of industry.—In the United States about 300 men are engaged in direct production and 140 men in indirect production.

Rates suggested.—One-half cent per pound plus 35 per cent ad valorem.

PARAGRAPH 47.—MAGNESITE AND MAGNESIUM CHLORIDE.

WITNESS, AND INTEREST REPRESENTED.

FAVORING LOWER DUTIES:

Mr. John Anderson, representing Innis Speiden & Co., New York City.
The Marine Decking & Supply Co., Philadelphia, Pa. (Brief.)

Hearings: Pages 1091-1099.

Witness: Mr. John Anderson.

Costs and selling prices.—The average cost of magnesite to domestic miners is \$25.13 per ton; adding \$3 for grinding gives \$28.13 for ground material at mine. The prewar price of calcined magnesite at Atlantic seaboard was \$25 a ton, and for magnesium chloride \$16 per ton; present prices are \$60 and \$45, respectively. A quotation on Grecian magnesite at \$75 per ton and domestic freight costs were also given.

Rates suggested.—Protests duty on calcined magnesite. It is claimed that the present rate of duty threatens the oxychloride cement industry in this country.

Witness: The Marine Decking & Supply Co. (Brief; no appearance at hearings.)

Costs and selling prices.—Crude Grecian magnesite is quoted at \$18 per ton f. o. b. New York, which, plus the proposed duty of \$10, would amount to \$28 per ton. As it contains only 45 per cent magnesite, the cost of the calcined material would be \$62.20 per ton, exclusive of fuel and grinding cost. Californian calcined magnesite is delivered in New York at \$64. The proposed duty would enable importers to charge about \$78 per ton.

Then, with calcined Grecian magnesite now quoted at \$65 f. o. b. New York, the proposed duty would have the same economic effect.

Imported magnesium chloride, now quoted at \$35 f. o. b. New York, if subjected to the proposed duty of \$15, would entail a price \$10 per ton above that of the domestic product.

Rates suggested.—Crude magnesite, not more than \$4 per ton; calcined magnesite, not more than \$9 per ton; magnesium chloride, not more than 15 per cent ad valorem.

Remarks.—An increased duty on these materials will greatly reduce the use of magnesium oxychloride cements in building, as the oxychloride cement industry is in no condition to pay higher prices.

PARAGRAPH 47.—PLASTIC MAGNESITE.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. F. E. Schundler, representing himself, dealing in plastic magnesite; 3 chemical companies, 4 jobbers of magnesite, and 18 manufacturers of magnesite flooring and magnesite stucco; address, Joliet, Ill.

Hearings: Pages 1082–1087.

Costs and selling prices.—Grecian magnesite can be bought for \$12 a ton. It would cost to produce similar ore in California not less than \$10 per ton, and the freight rate by water—the cheapest way—from the California mine to Chester, Pa., is \$15 per ton.

Size of industry.—Prior to the war the plastic business was insignificant, as architects were opposed to the use of magnesite in stucco and flooring. Now that it has been proved to them that American magnesite is a good material, they are in favor of it. If great quantities of foreign magnesite of an inferior quality are allowed to come in, it will mean that the industry will be discredited; the architects will again oppose the use of the material and destroy the industry. The witness handled \$1,200,000 worth of magnesite last year and the manufacturers whom he represents handled over \$5,000,000 worth. Last year these manufacturers used 25,000 tons of plastic magnesite, or 70 per cent of the total consumption of 35,000 tons.

Comparability.—Grecian magnesite, which is mostly used for plastic purposes, is not uniform or up to standard. Magnesite stucco made of foreign magnesite will show defects within two or three years—not earlier—and will fall to pieces.

Rates suggested.—A duty of \$15 per ton, or three-quarters of a cent a pound on magnesite, as in the bill. The consumers of plastic magnesite are vitally interested in obtaining a magnesite of high-grade,

uniform quality. They realize that a cheap quality of magnesite will mean ultimate destruction of the entire plastic magnesite industry, and are therefore in favor of a duty of \$15 per ton on calcined magnesite, which will enable the American producer to continue to turn out a good product and further improve the quality of this material. It will also force foreign producers to improve their quality.

Remarks.—A brief filed by the witness contains the assertion that “the eastern territory of the United States is at present supplied entirely with foreign magnesite.”

Objections to this and other statements are made in a letter addressed on October 26, 1921, to the chairman of the Senate Committee on Finance by the Marine Decking & Supply Co., of Philadelphia. The letter states that the company had used during the latter part of 1920 more Californian than Grecian magnesite and refers to the United States Geological Survey as authority for the claim that the two products are “identical in physical structure and approximately identical in chemical analysis in a crude state.” Any inferiority in Grecian magnesite in its calcined state is alleged to be due to “improper handling and grinding in a specific case.”

The company disclaims any interest, financial or otherwise, in Grecian magnesite, desiring only that an equitable duty of not over \$4 per ton on crude and not over \$9 per ton on calcined magnesite be embodied in the bill.

Further objection to Mr. Schundler's testimony is contained in a letter dated October 4, 1921, from the Marbleoid Co., New York City. The letter casts doubt upon the witness's allegations in regard to the volume of magnesite used in the United States and emphasizes the importance of geological reports affirming the similarity in character between crude Grecian and Californian magnesite.

PARAGRAPH 47.—MAGNESITE.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

- Mr. H. F. Wierum, representing the American Mineral Production Co., Valley, Wash.
- Mr. Roy N. Bishop, representing the Northwest Magnesite Co. and the Western Magnesite Association, San Francisco, Calif.
- Mr. C. E. Watkins, representing the National Kellastone Co., the oldest manufacturer of magnesite stucco in the United States, Chicago, Ill.

FAVORING LOWER DUTIES:

- Mr. Reeves T. Strickland, representing the Magnesite Mining & Manufacturing Co.; address, Washington, D. C.
- Mr. Paul B. Mossman, representing the American Refractories Co., Pittsburgh, Pa.
- The Buckeye Steel Castings Co., Columbus, Ohio. (Brief; no appearance at hearings.)
- Mr. John W. Logan, representing the Alan Wood Iron & Steel Co., Philadelphia, Pa.
- Mr. John A. Topping, representing The Republic Iron & Steel Co. and 14 others.

Hearings: Pages 1079–1082.

Witness: Mr. H. F. Wierum, representing the American Mineral Production Co.

Costs and selling prices.—The labor cost, plus cost of fuel, is 55 per cent of the total cost of magnesite f. o. b. mines. The latest (and lowest) cost of American dead-burned magnesite f. o. b. mines is \$25. Assuming a 20 per cent cut in wages and a reduction of 20 per cent in the cost of coal, the lowest cost of American dead-burned magnesite f. o. b. mines will be \$22.25. A reduction of 25 per cent in freight rates would result in a freight charge of \$13.80 to the average point of competition with Austrian magnesite—Cleveland, Youngstown, Pittsburgh, etc. Thus, the prospective delivered cost of the company's American magnesite at Pittsburgh points would be \$36.05 as compared with the cost of the last actual deliveries—over \$43. Austrian magnesite can now be delivered at the same Pittsburgh points at a profit of \$19.50 per ton.

Size of industry.—The company produced 65,000 tons of crude magnesite in 1920. The production of dead-burned magnesite last year in the United States was approximately 90,000 tons, while the production and consumption of plastic magnesite during the same period was 35,000 tons. The deposits of magnesite are enormous. The witness's company has 4,000,000 tons in sight, with a strong probable ore reserve of 10,000,000 tons. There is a total of over 20,000,000 tons of crude magnesite in its known deposits, this being high-grade material containing about 40 per cent magnesium, suitable for making refractories and plastic calcines.

Rates suggested.—The proposed tariff of \$15 per ton on calcined and \$10 per ton on crude magnesite, as in the bill, necessary to render United States producers at least nearly competitive with foreign. With the prospective reductions in wages, fuel, and transportation costs assumed by the witness, a tariff of \$16.65 would just equalize American costs with Austrian sales prices at the center of consumption.

Hearings: Pages 1064-1079.

Witness: Mr. R. N. Bishop, representing the Northwest Magnesite Co. and the Western Magnesite Association.

Costs and selling prices.—In production of ores about 75 per cent of the final cost is labor. The main costs of dead-burned magnesite are labor, coal, and freight charges. Austrian magnesite is being furnished at less than the cost to American producers, the average Austrian magnesite wage being 30 cents per day as compared with \$5.30 in the United States. About 900 pounds of coal are required to produce one ton of dead-burned magnesite. The coal costs per ton of magnesite are \$2.80 in Austria and \$4.05 in the United States.

The railroad rate from Austrian mines to Trieste is \$2.15 per gross ton. The ocean rate to the United States Atlantic ports is \$3 per gross ton. The total Austrian rate to the United States is therefore \$5.15 per gross ton, equivalent to \$4.60 per net ton, as against a rate from Washington State to Atlantic coast points of \$20.80 per net ton. The rate to Pittsburgh, which is about the center of consumption, is \$18.40 per net ton.

The table following shows the comparison of transportation charges per net ton from Austrian mines and from the United States mines to various points of consumption.

To—	From Austrian mines.	From United States mines.	Differ- ence.
Chester.....	\$4.60	\$20.80	\$16.20
Pittsburgh.....	9.10	18.40	9.30
Harrisburg.....	6.40	20.80	14.40
Johnstown.....	8.90	20.80	11.90
Buffalo.....	9.10	18.40	9.30
Youngstown.....	9.20	18.40	9.20

The average sales price f. o. b. Chewelah, Wash., has been \$29.95 per net ton. The Austrian selling price is not based on Austrian cost, but on American cost. Even in the face of the sworn cost statements of Austrian magnesite, it is quoted to-day (1921) at \$2.55 under American cost at all points. It is not necessary for Austrian interests to reduce their price more than a trifle below American cost in order to get the total market. Their magnesite can be delivered at Chester, Pa., for \$23 per ton. At present, Austrian labor, coal, and railroad transportation costs are less than prewar; the present cost of Austrian material in United States money is also reduced. Selling prices do not indicate cost, as Austria knows United States cost and merely undersells it. Northwest magnesite cost at mine for 1919 and 1920 was \$25.55 per net ton.

Using the Austrian cost of \$20 and the United States cost of \$25.55, the following comparative costs per net ton at various points of consumption are reached:

United States costs compared with Austrian.

	Austrian cost.	United States cost.	Differ- ence.
Chester, Pa. (seaboard).....	\$20.00	\$46.35	\$26.35
Pittsburgh.....	24.50	43.95	19.45
Harrisburg.....	22.80	46.35	23.55
Johnstown.....	24.30	46.35	22.05
Buffalo.....	24.50	43.95	19.45
Youngstown.....	24.60	43.95	19.35
Chicago ¹	27.20	42.25	15.05
Cleveland.....	25.60	43.95	18.35

¹ Magnesite for Chicago from Austria via New Orleans, takes rate New Orleans to Chicago, \$7.20 per ton.

Mr. J. E. Lewis, president of the Harbison-Walker Refractories Co., in a letter to the witness, dated March 14, 1921, stated that the company could buy Austrian magnesite, delivered Chester, Pa., for \$15 to \$20 a ton below the price of the Northwest Magnesite Co.

Size of industry.—In the four years of operation of the Northwest Magnesite Co. its gross receipts have been \$6,210,951.18. The company has passed to net surplus \$1,043,498.11, invested in plants and improvements necessary to produce the magnesite required. The 350 employees on January 1, 1921, when the plant was closed down, are reduced to-day to 9 men watching the property for the insurance companies.

The brief filed by the witness cites the Senate Report No. 458, Sixty-sixth Congress, as stating that 65 mines operated in 1917 were

producing enough magnesite in the States of Washington and California to supply the entire demand of this country. Prior to the war there were fewer than 50 men employed in the production of magnesite in the United States, but this number was increased in the years 1917 and 1918 to about 2,000 men directly engaged in the magnesite industry. Their average wage was \$5 per day. A table in "Mineral Resources of the United States," 1920, Part II, shows that the United States produced 2.7 per cent of the domestic requirements of magnesite in 1913 and 89.2 per cent in 1917. In 1921 the industry has reverted to prewar conditions, as the mines are shut down and from 7,000 to 9,000 tons per month are being imported. There are in the United States millions of tons of magnesite, sufficient to supply the country's demand for several generations.

Rates suggested.—A specific duty, as in the bill, of three-fourths of 1 cent per pound on dead-burned magnesite, which would cost the steel companies 3.75 cents per ton of steel. Failing this, the four years' effort of the interests represented by the witness will be represented by a useless magnesite plant.

Hearings: Pages 1087, 1088.

Witness: Mr. C. E. Watkins, representing the National Kellastone Co.

Size of industry.—The business has increased tremendously in recent years.

Rates suggested.—A tariff on magnesite as proposed in paragraph 47. Dealing with a possible supply by foreign producers, the witness explained that the use of magnesite in oxychloride cement has been made possible by working with standardized processes and scientific methods of production which the foreign producer has neither the knowledge nor the facilities to work out and which he has evidenced no inclination to adopt in preference to his antiquated methods. A domestic source of supply is regarded by the witness as essential to the oxychloride cement industry.

Similar views are expressed in a brief, separately summarized at foot, submitted by the Sierra Magnesite Co., a consolidation of nearly all the magnesite workings in the San Joaquin Valley under one ownership and management.

Remarks.—Mr. Watkins's testimony is referred to in a letter, dated October 26, 1921, of the Marine Decking & Supply Co., Philadelphia, noted under "Remarks" in Mr. Schundler's testimony. Mr. Watkins is therein described as "not only representing a user of magnesite but also a producer of magnesite," and as such potentially prejudiced in favor of those interests.

In a letter of October 4, 1921, the Marbleoid Co., New York City, appears to deprecate the importance attached by Mr. Watkins to the superiority of American calcination methods. It is urged that a tariff of \$10 per ton on crude magnesite (2 tons being required to make 1 ton of calcined) would render it economically impossible for eastern manufacturers to benefit from the advantage of having a calcination plant located near at hand.

SUMMARY OF BRIEF SUBMITTED BY THE SIERRA MAGNESITE CO., PARKVILLE, CALIF., REFERRED TO ABOVE.

Costs and selling prices.—Foreign magnesite, produced under a much altered wage scale and lower standard of living, aided by a marked disparity in monetary exchange, is also favored by a water rate of approximately \$6 per ton in cargo lots as against a rail rate from California to New York in carload lots of \$22 per ton.

Size of industry.—At the present time ample mining and plant facilities are available to supply nearly double the total plastic magnesite requirements of the country, using the 1920 consumption as a basis of computation. Additional equipment can be readily installed to provide for any increased demand that may become manifest. As regards production in the United States, this jumped from a paltry few thousand tons before 1914 to several hundreds of thousands of tons per annum in the ensuing years.

Comparability.—The European magnesite producer has not alone failed to advance the quality or standard of magnesite for plastic uses but he is neither equipped to make a calcined material conforming to modern higher standards nor does he evidence any indication of relinquishing his antiquated practices.

Owing to the great distance from the American market, Grecian magnesite is handled several times, in ways injurious to the material, before arriving at its destination; its condition is thus always variable and decidedly questionable. On the other hand, the American article is made under new and modern processes, giving careful consideration to accurate practices which, while entailing certain additional costs, result in a product of greater value and standard uniformity.

That American manufacturers of oxychloride goods into which magnesite enters fully realize the greater value of American-made magnesite is demonstrated by a resolution unanimously passed by the National Association of Oxychloride Cement Manufacturers favoring a tariff on all foreign calcined lump or powdered magnesite.

With a tariff of \$15 per ton on plastic magnesite, as proposed in the bill, the total increase in the cost to manufacturers of a complete ton of stucco would be but \$1.85—less than 5 per cent of the average selling price f. o. b. eastern mills. This would add less than 3 cents to the completed cost of a square yard of stucco in place on the building, or an average total additional cost of approximately \$7.50 to the ordinary suburban residence. In the case of oxychloride flooring the increase would average less than 1 cent per square foot.

Located in various parts of the Western States are reserves of high-grade crude ore amply sufficient to supply the full requirements of the plastic magnesite trade for many years to come, allowing for a substantial increase in the use of this material.

Rates suggested.—Assistance in the form of a tariff is absolutely imperative. There can be little room to question the advisability of granting the needed protection when taking into account the tremendous advantages gained by protecting the capital invested, the labor employed, the development of American natural resources, and the domestic expenditure of the outlay for supplies, power, freight, etc., as compared with the infinitesimal present or temporary difference in cost.

Hearings: Pages 1043-1052.

Witness: Mr. R. T. Strickland, representing the Magnesite Mining & Manufacturing Co.

Costs and selling prices.—In Venezuela the cost of production is \$7 a ton; freight rate about \$10, making the total cost in the United States \$17 per ton. The Venezuela magnesite sells in New York for \$9 per ton, plus freight, or about \$19; freight from Pacific coast to east of Alleghenies is \$21 per ton.

Size of industry.—Production in United States, 1913, 9,632 tons; 1914, 11,000 tons; 1915, 30,000 tons; 1916, 154,000 tons; and 1917, 316,000 tons. Imports in 1913 were 347,428 tons; in 1914, 256,988 tons; in 1915, 102,913 tons; in 1916, 93,885 tons; and in 1917, 34,322 tons.

Rates suggested.—Place on free list.

Remarks.—The company is an American corporation, with mines in the island of Margarita, off the coast of Venezuela, and offices in Washington, D. C.

Hearings: Pages 1052-1064.

Witness: Mr. P. B. Mossman, representing the American Refractories Co.

Costs and selling prices.—A statement submitted in regard to 1920 importations of magnesite from the Austrian plant shows a total cost of \$30.05 per short ton on vessel at United States Atlantic seaboard ports. A comparative delivery cost table of domestic and imported magnesite shows an advantage to the imported article over domestic of \$4.94 per ton on the Atlantic seaboard and of \$3.99 in the Pittsburgh-Cleveland district; on the other hand, the domestic magnesite has advantage over the imported of \$1.76 in the Chicago-St. Louis district, and as much as \$20.17 in the Montana copper district.

The prewar price of dead-burned magnesite was \$15.75 per ton at Atlantic seaboard.

Size of industry.—The statement was made that there is not one magnesite deposit in the State of California with sufficient tonnage of proper quality to justify the erection at the deposit of a plant for producing synthetic dead-burned magnesite. The Geological Survey reports would indicate that deposits in Stevens County, Wash., are not in excess of 3,000,000 tons of commercial grade, and at the rate of production for the year 1920 these would be exhausted in 10 years. The total consumption in the United States is estimated at 300,000 tons crude magnesite, which would equal 150,000 tons of calcined or dead burned.

Rates suggested.—Magnesite to be removed from schedule 1 and included in schedule 2, if it is to be made dutiable.

Remarks.—"That the Northwest Magnesite Co. has not yet suffered, after more than two years' open competition with Austrian magnesite, is evidenced by their ability to advance the price from \$32.50 per ton f. o. b. Chewelah to \$36.50 on July 1, 1920, and to \$38 on September 1, 1920. Eastern consumers in the early part of 1920 were paying \$32.50 per ton f. o. b. Chewelah, which with \$16.07 freight and tax made the delivered cost \$48.57. After September 1, 1920, they paid \$38 Chewelah, plus \$21.42 freight and tax, making the delivered cost \$59.42, an increase in a few months of \$10.85 per ton."

The witness points out that the center of steel production in the United States is in the neighborhood of the Indiana-Ohio State line, and that there is a large consumption of magnesite in the copper-smelting industry in the Rocky Mountain States; consequently, the product of the Northwest Magnesite Co. has a market, and is extensively used, west of the Mississippi. Records of the company show that for 1916-1918, 52 per cent of the shipments of magnesite were to points east of the Indiana-Ohio State line, and 48 per cent to points west of that line.

Witness: The Buckeye Steel Castings Co., Columbus, Ohio. (Brief; no appearance at hearings.)

Costs and selling prices.—The proposed duty on calcined magnesite would increase the cost of steel castings \$0.35 per ton, as the Pacific coast producers would take advantage of the protection afforded them.

Hearings: Pages 1099-1102.

Witness: Mr. J. A. Topping, representing the Republic Iron & Steel Co., and 14 others.

Rates suggested.—The witness's testimony and brief constitute a protest against a duty on magnesite and its classification as a chemical.

Remarks.—The views entertained by the steel interest are summarized in greater detail in the same witness's testimony and brief of a later date, pages 1710-1739, hearings.

Hearings: Pages 1631-1633.

Witness: Mr. J. W. Logan, representing the Alan Wood Iron & Steel Co.

Rates suggested.—(NOTE.)—In connection with his testimony dealing with section 301 (pig iron and scrap), the witness's brief protested against the proposed high duty on calcined magnesite.

PARAGRAPH 48.—CAMPHOR.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. John F. Queeny, representing the Monsanto Chemical Works, St. Louis, Mo.

Mr. Robert Ash, representing the Turpentine and Rosin Producers' Association of New Orleans; address, Washington, D. C.

Hearings: Pages 895-901.

Witness: Mr. J. F. Queeny, representing the Monsanto Chemical Works.

Costs and selling prices.—The firm can manufacture synthetic camphor for less than 65 cents per pound, with turpentine at 75 cents a gallon. Camphor is selling to-day at 65 cents per pound, but within the last two years the price was as high as \$2.50 per pound.

Size of industry.—The average imports of camphor are about 4,750,000 pounds a year. The building of a plant for the manufacture of camphor was begun last year, but after spending about \$425,000 financial conditions compelled the firm to discontinue operation and co-

Rc
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That on and after the date it is certified to the
surv that synthetic camphor is being manufac-

tured in the United States at a rate of not less than 2,000,000 pounds per annum there shall be levied, collected, and paid on camphor, crude and natural, and camphor, refined and synthetic, when imported into the United States from any foreign country, 25 per cent ad valorem.

Hearings: Pages 1114-1119.

Witness: Mr. R. Ash, representing the Turpentine and Rosin Producers' Association of New Orleans.

Rates suggested.—The interest of the Turpentine and Rosin Producers' Association arises as producers of the raw material entering into the production of synthetic camphor, namely, turpentine; the association desires to go on record as indorsing the proposition made by Mr. Queeny, of the Monsanto Chemical Works.

PARAGRAPH 48.—MENTHOL AND CAMPHOR.

WITNESS.

FAVORING LOWER DUTIES:

The Mentholatum Co., Buffalo, N. Y. (Brief; no appearance at hearings.)

Rates suggested.—Same as in the act of 1913.

Remarks.—Neither camphor nor menthol is produced in the United States, and they consequently do not compete with any American industry. The increased tax proposed will place an increased burden on American manufacturers and tend to destroy competition, especially with Japan and Germany. These articles are widely used in medicines, and an increased tax would fall largely upon the consumer. Crude camphor refining has been an important American industry. The proposed tax would destroy this business and give the Japanese a monopoly. The quantity of menthol and camphor imported into the United States is not large, and can not yield a large revenue, even with an increased duty.

PARAGRAPH 48.—MENTHOL.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING LOWER DUTIES:

Mr. H. S. Richardson, representing the Vick Chemical Co., the Mentholatum Co., the Musterole Co., the Brame Drug Co., E. W. Vacher & Co., and other users of menthol; address, Greensboro, N. C.

Hearings: Pages 1103-1114.

Costs and selling prices.—The selling price may vary from \$3.15 to \$12.50 in 12 months. The price to-day is \$4.35.

Size of industry.—Imports averaged 43,000 pounds, 1910-1913; 145,000 pounds, 1914-1918; and 243,000 pounds in 1919. The entire Japanese crop was never more than 500,000 pounds. There are 300 manufacturers putting up menthol in package form and 50,000 druggists using menthol in prescriptions.

Rates suggested.—That menthol be placed on the free list. If the committee deems it necessary to put a duty on menthol, these interests request that it be a specific duty about the same as that on camphor. This is desirable in order to reduce cost of drug and lessen the possibility of further speculation offered by ad valorem rates.

FISH OILS.

PARAGRAPH 49.—LANOLINE OR WOOL GREASE.

WITNESS.

FAVORING PROPOSED OR HIGHER DUTIES:

The North Star Chemical Works, Lawrence, Mass. (Brief; no appearance at hearings.)

Costs and selling prices.—The pre-war price of lanoline was 12 to 14 cents per pound in bulk, f. o. b. New York; it rose to \$1 during the war, has since declined to 12 cents, and the imported product is now being offered at less than that figure. The company can not manufacture lanoline profitably at a market price of 12 cents.

Rates suggested.—An embargo on lanoline.

Remarks.—Prior to the war Germany had a monopoly on lanoline. The North Star Chemical Co. developed a refining process at great expense and supplied the requirements of the Chemical Warfare Service; many large textile mills put in crude wool grease recovery apparatus at considerable expense. Previously the waste liquors went into the rivers. At the price at which German lanoline is now being offered, neither the North Star Chemical Co. nor the textile mills can afford to continue the recovery and refining of lanoline, the crude raw materials of which will again go to waste unless protection is afforded.

PARAGRAPH 49.—HERRING, MENHADEN, AND WHALE OIL, ETC.

WITNESS, AND INTEREST REPRESENTED.

FAVORING LOWER DUTIES:

Mr. Alpin I. Dunn, representing the Cook & Swan Co. (Inc.).

Hearings: Pages 1181–1185.

Costs and selling prices.—The cost of fish oil in Japan to-day is around 3 cents per pound. Packing, insurance, and freight bring this up to about 4½ cents per pound c. i. f. New York.

Rates suggested.—Opposed to a tariff on fish oils, namely, herring, menhaden, whale, seal, and sperm oil.

Remarks.—The witness exhibited a chart bearing upon production.

PARAGRAPH 49.—COD AND COD-LIVER OIL.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING LOWER DUTIES:

Mr. C. P. Gulick, representing the National Oil Products Co., Newark, N. J. Rieff & Co., Philadelphia, Pa. (Brief.)

Hearings: Pages 1151–1161.

Witness: Mr. C. P. Gulick.

Comparability.—Domestic cod oil is unsatisfactory as a substitute for the Newfoundland oil; it is noncompetitive with it for the following reasons:

(a) Coming from fish caught in comparatively warm waters, it lacks the necessary cold test and is therefore too gummy and spews out on the finished leather, causing irreparable damage.

(b) There is practically no pure domestic oil produced, as American fishermen do not separate the cod livers from those of the other fish which constitute the average catch, and therefore the so-called domestic cod oil is rarely, if ever, a pure cod-liver oil. Only a liver oil is suitable for tanning purposes, and therefore the leather manufacturers insist upon pure Newfoundland oil only.

Rates suggested.—Cod oil should be retained on the free list.

Remarks.—Only about 20 per cent of cod and cod-liver oils are used for medicinal purposes; the bulk of the oil imported or produced is for industrial uses.

Witness: Reiff & Co., Philadelphia, Pa. (Brief; no appearance at hearings.)

Remarks.—American cod oil is inferior to Newfoundland cod oil. The proposed tax will result in higher prices for inferior shoes, harness, etc.

VEGETABLE OILS.

PARAGRAPH 50.—COCONUT AND LINSEED OIL.

WITNESS, AND INTEREST REPRESENTED.

FAVORING LOWER DUTIES:

Mr. John F. Conway, representing E. F. Drew Co. (Inc.), New York City.

Hearings: Pages 1194–1197.

Costs and selling prices.—Coconut oil is selling around 8½ to 8¾ cents, about the same as in 1914. In 1919 the price was 18½ or 19 cents. A duty of 2 cents per pound on the raw material would mean more than that on the finished product.

Size of industry.—Two refining plants, with a capacity of about 900,000 pounds a week when running full.

Rates suggested.—That coconut oil be put on the free list rather than listed at 2 cents per pound as in paragraph 50.

That the duty on linseed oil be not increased over 10 cents a gallon. Reasons: To enable domestic refiners to import and refine oil at a profit.

NOTE.—See also pages 1161–1174, testimony of Mr. W. M. Hutchinson.

PARAGRAPH 50.—OLIVE OIL.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Walter V. Vick, representing the Olive Oil Association of America, New York City.

FAVORING LOWER DUTIES:

The American Chamber of Commerce, Paris, France. (Brief.)

REQUESTING RECLASSIFICATION:

Mr. R. U. Delaphena, representing R. U. Delaphena & Co. (Inc.) and La Manna, Azema & Farnan, New York City.

Mr. Nathan Musher, president, representing Musher & Co., Baltimore, Md.

Hearings: Pages 1235–1239.

Witness: Mr. W. V. Vick, representing the Olive Oil Association of America.

Size of industry.—To-day, \$2,500,000 is invested in olive-oil packing plants.

Rates suggested.—The association recommends a duty of 20 cents per gallon in bulk and a differential of 10 cents on packed, in order to favor the packing of oil in this country.

NOTE.—See also pages 1161–1174, testimony of Mr. W. M. Hutchinson.

Witness: The American Chamber of Commerce, Paris, France. (Brief; no appearance at hearings.)

Rates suggested.—Thirty cents per gallon for 5-gallon packages or over; 40 cents per gallon for less than 5-gallon packages.

Remarks.—The increased duty proposed is for the protection of the California producers, whose output is insignificant compared with domestic needs, and of edible cottonseed and peanut oil dealers, whose product can not compare, either in nutritive value or pharmaceutical properties, with olive oil.

Hearings: Pages 1228–1231.

Witness: Mr. R. U. Delaphena, representing R. U. Delaphena & Co. and others.

Costs and selling prices.—The cost of 1 gallon of olive oil, packed in the United States, is \$2.50, without profit. Owing to a surplus of tin plate, cans are made in Italy and France for one-fourth the price in this country. Latest cabled quotations are \$2.25 per gallon, duty paid.

Size of industry.—One thousand persons work in olive-oil packing factories. Business in 1919 amounted to nearly \$2,000,000.

Rates suggested.—No request as to rates, but there should be a difference of at least $1\frac{1}{2}$ cents per pound between olive oil imported in bulk and olive oil imported in packages weighing less than 44 pounds.

Hearings: Pages 1231–1235.

Witness: Mr. N. Musher, representing Musher & Co.

Costs and selling prices.—Tins, cases, and labor in 1920 cost 80 cents per gallon of oil; in 1919, 70 cents. Prewar price, \$4 a gallon on gallon tins, \$2 on half-gallon tins, \$1 on quart tins, 50 cents on pint tins, and 25 cents on half-pint tins.

Size of industry.—The firm imports 1,000,000 gallons a year and has at least \$1,000,000 invested in plant and equipment.

Rates suggested.—A duty of $5\frac{1}{2}$ cents per gallon in bulk, $7\frac{1}{2}$ cents in package—a differential of $2\frac{1}{2}$ cents between bulk and packed oil.

NOTE.—See also pages 1161–1174, testimony of Mr. W. M. Hutchinson.

PARAGRAPH 50.—LINSEED OIL.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. William O. Goodrich, representing the William O. Goodrich Co., Milwaukee, Wis.

Hearings: Pages 1223–1227.

Costs and selling prices.—Table submitted, showing comparative rates of wages in the linseed-oil crushing industry in the United States, England, Holland, and Germany. A comparison of costs in

the larger and better equipped mills in the United States shows an average total cost of 50 cents per bushel of seed crushed.

Rates suggested.—A rate of 25 cents per gallon on linseed oil, if 30 cents per bushel on foreign seed be maintained.

Remarks.—A bushel of flaxseed (56 pounds) yields 19 pounds of linseed oil and 37 pounds of linseed-oil cake.

PARAGRAPH 50.—COTTONSEED OIL.

WITNESS, AND INTEREST REPRESENTED.

FAVORING LOWER DUTIES:

Mr. W. B. Chittenden (statement and brief), representing the Peet Bros. Manufacturing Co., Kansas City, Kans.

Hearings: Pages 1218–1223.

Costs and selling prices.—The prewar price of cottonseed oil ranged around 4.5 to 6.5 cents per pound. This normal price has prevailed during the greater part of this season—1921. It would appear that a duty of 2 cents per pound on the inferior imported cottonseed oil would put a stop to imports.

PARAGRAPH 50.—CASTOR OIL.

WITNESS, AND INTEREST REPRESENTED.

FAVORING LOWER DUTIES:

Mr. B. E. Reuter, consulting engineer, representing the Bureau of Raw Materials of the Animal and Vegetable Fat Oil Industry; address, Philadelphia, Pa.

Hearings: Pages 1215–1218.

Costs and selling prices.—Prior to 1915 the average price of medicinal castor oil ranged between 8 and 10 cents per pound. At an average of 9 cents the duty of $4\frac{1}{2}$ cents in H. R. 7456 would be equal to an ad valorem duty of 50 per cent. Considering the lower value of No. 2 and No. 3 grades of castor oil, this duty can be calculated to run as high as 75 per cent ad valorem.

Rates suggested.—That castor oil be admitted free of duty or carried at the same rate provided in the act of 1913. If the duty of one-half cent per pound on castor beans be retained, the duty of $4\frac{1}{2}$ cents per pound on castor oil should be revised to a rate not higher than $2\frac{1}{4}$ cents per pound.

Remarks.—The duty on castor beans, H. R. 7456, is 25 cents per bushel and equivalent to $1\frac{1}{4}$ cents per pound on the castor-oil content. The duty of $4\frac{1}{2}$ cents per pound on castor oil gives a differential of $3\frac{1}{4}$ cents per pound in favor of the American crusher.

PARAGRAPH 50.—EDIBLE OILS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. A. M. Loomis (statement and brief), representing the National Dairy Union; address, Washington, D. C.

Mr. Frank O'Hara, representing the American Farm Bureau Federation; address, Washington, D. C.

FAVORING PROPOSED OR HIGHER DUTIES—Continued.

Mr. W. M. Hutchinson (statement and brief), representing the crude cottonseed-oil tariff committee.

Mr. Charles W. Holman, representing the National Milk Producers' Federation and the National Board of Farm Organizations.

Public and Private Garbage Reduction Plants, Cleveland, Ohio. (Brief.)

FAVORING LOWER DUTIES:

Mr. C. Rogers Brown (statement and brief), representing the Bureau of Raw Materials for American Vegetable Oils and Fats Industries; address, Seattle, Wash.

Mr. S. W. Eckman, representing B. T. Babbitt.

Mr. Gilbert Colgate, representing Colgate & Co., New York City.

The Port of Seattle, Wash. (Brief.)

The N. K. Fairbanks Co., Milwaukee, Wis. (Brief.)

Hearings: Pages 1174–1183

Witness: Mr. A. M. Loomis, representing the National Dairy Union.

Rates suggested.—A duty of 10 cents per pound on this group of edible oils, namely, coconut, cottonseed, soya-bean, and peanut oils. The union asks for a tariff on edible oils equal to that which the committee may decide to put on butter, but is willing to agree to a drawback for denatured oils and for oils of which it can be shown, to the satisfaction of administering officials, that they are not used for food.

Remarks.—To allow foreign vegetable oils to continue to enter at the rate of duty provided in paragraph 50 of the present bill would imperil the continuance of a domestic industry which the union thinks indispensable to health and the continuance of agriculture. There is submitted a comparative table of weekly average prices covering butter fat and coconut oil between May 14 and August 6, 1921.

NOTE.—See, also, pages 1161–1174, testimony of Mr. W. M. Hutchinson.

Hearings: Pages 1183–1186.

Witness: Mr. Frank O'Hara, representing the American Farm Bureau Federation.

Rates suggested.—The federation is in favor of the proposal to levy protective duties on imported vegetable oils competing with American dairy and lard and domestic vegetable oil industries. It recommends a duty of 10 cents per pound on oils used for food and 5 cents per pound for those used for industrial purposes.

Hearings: Pages 1161–1174.

Witness: Mr. W. M. Hutchinson, representing the Crude Cottonseed Oil Tariff Committee.

Costs and selling prices.—The present market price of crude cottonseed oil is 5½ cents per pound, f. o. b. producing points. Soya-bean oil is the leading competitor and, with cottonseed oil, may be purchased on the Pacific coast at 4½ cents per pound. A table submitted shows domestic production, imports, and exports of the various vegetable oils.

Size of industry.—There are now more than 800 oil mills, representing an investment of approximately \$180,000,000. The average annual production of cotton seed, 1912–1918, was about 1,462,000,000 pounds.

Rates suggested.—A brief submitted by the witness in behalf of oil interests includes the following, all under paragraph 50:

	Cents per pound.
On coconut oil.....	5
On crude peanut oil.....	5
On refined peanut oil.....	6
On edible olive oil.....	5
On nonedible olive oil.....	4
On crude cottonseed oil.....	5
On refined cottonseed oil.....	6
On crude soya-bean oil.....	5
On refined soya-bean oil.....	6
On sesame oil.....	5

The same interests desire the following duties on the respective oil-bearing materials, otherwise coming into competition with domestic cottonseed oil:

	Cents per pound.
On shelled peanuts (par. 757).....	4
On unshelled peanuts (par. 757).....	3
On palm kernels, nuts, and fruits (par. 757).....	3

Remarks.—From 75 to 80 per cent of the crude cottonseed oil is used in making lard substitutes and about 5 per cent in the manufacture of oleomargarine; approximately one-half the remainder is exported, and the balance is absorbed by soap makers for minor uses.

Hearings: Pages 5143–5162.

Witness: Mr. Charles W. Holman, representing the National Milk Producers' Federation and the National Board of Farm Organizations.

Rates suggested.—Four cents per pound on cottonseed, coconut, and soya-bean oils and 4½ cents per pound on peanut oil.

Remarks.—It has been brought out by other witnesses that protection is desired against the increasing amounts of oils imported in the past from the Orient, as shown in exhaustive statistical tables appended to the witness's brief.

Witness: Public and private garbage-reduction plants, Cleveland, Ohio. (Brief; no appearance at hearings.)

Costs and selling prices.—The best price now obtainable for garbage grease is 1½ to 2 cents per pound, as against an average price, for 10 years prior to the war, of 4½ cents.

Size of industry.—Twenty-four plants dispose of city garbage only, and of these 14 are municipally owned and operated. There are several hundred small privately owned plants.

Rates suggested.—Two and one-half cents per pound on coconut oil, peanut oil, cottonseed oil, soya-bean oil, nonedible fish oil, and wool grease.

Remarks.—Unless protection is afforded, garbage-reduction plants will be forced to go out of business because of the influx of foreign vegetable oils; valuable material will go to waste.

Hearings: Pages 1127–1151.

Witness: Mr. C. R. Brown, representing the Bureau of Raw Materials, etc.

Size of industry.—Most of the cottonseed oil from the South is refined; an average of 1,130,000,000 pounds passing through refining industry plants is converted into vegetable lard. About 168,000,000

pounds goes directly into the soap kettle. The domestic production of pure animal lard is 1,117,000,000 pounds a year, of which 635,000,000 pounds is exported, chiefly to Europe. It is only on account of the vegetable lard that this quantity of the pure article can be exported. Exports of domestic production are as follows:

Soap	-----	\$15, 000, 000
Animal lard	-----	\$150, 000, 000
Vegetable oils	-----	\$12, 000, 000
Refined cottonseed oil	-----	\$37, 000, 000
Oleomargarine	-----pounds--	15, 000, 000
Soya-bean oil	-----do-----	47, 000, 000
Paint	-----	\$25, 000, 000

Rates suggested.—The bureau is opposed to a duty on vegetable oils; even 2 cents per pound would be prohibitive.

Remarks.—If these oils are barred from the United States, there is only one thing that can happen; instead of coming from Asia into the United States the oils will create competition that can not be eliminated.

Hearings: Pages 1272–1279.

Witness: Mr. S. W. Eckman, representing B. T. Babbitt.

Rates suggested.—Soap manufacturers are opposed to the imposition of a tariff on the raw materials of the industry.

Remarks.—Soap manufacturers do not ask for protection on the finished product, being able to look out for themselves in that respect if raw materials remain on the free list.

Hearings: Pages 1279, 1280.

Witness: Mr. G. Colgate, representing Colgate & Co.

Rates suggested.—The witness indorses the testimony of Mr. Eckman in regard to free vegetable oil and duties on soap.

Witness: The Port of Seattle, Seattle, Washington. (Brief; no appearance at hearings.)

Remarks.—Millions of dollars have been invested in terminal facilities, tanks, etc. at Seattle, to handle oriental vegetable oils; this industry is threatened by the proposed tariff on these oils.

Witness: The N. K. Fairbanks Co., Milwaukee, Wis. (Brief; no appearance at hearings.)

Remarks.—As brought out by various witnesses in previous testimony, coconut oil is not substitutable for cottonseed oil, and the latter is substitutable, to a limited extent only, for soya bean oil. Other points previously brought out are also substantiated.

PARAGRAPH 50.—COCONUT OIL.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Barry Mohun, representing the Eldorado Oil Works; address, Washington, D. C.

FAVORING LOWER DUTIES:

Mr. Louis H. Waltke, representing Wm. Waltke & Co., soap manufacturers, St. Louis, Mo.

Mr. Vincente Villamin, representing Santa Anna Oil Mills, Manila, P. I.

Mr. Francis M. Turner, representing the American Nut & Seed Oil Corporation.

Mr. F. N. Barnes (statement and brief), representing Procter & Gamble Co., Cincinnati, Ohio.

REQUESTING RECLASSIFICATION:

Mr. George T. Pierle, president (statement and brief), representing the Gorgas-Pierle Co., Philadelphia, Pa.; C. F. Simonin's Sons, Philadelphia, Pa.; the Oil Seeds Co., New York City.

Hearings: Pages 1186-1194.

Witness: Mr. B. Mohun, representing the Eldorado Oil Works.

Size of industry.—The company has an investment of more than \$1,000,000 and is engaged in the coconut-oil industry; on the Pacific coast, 30 concerns, with a total capital of \$10,000,000.

Rates suggested.—That after the words "coconut oil," appearing in line 15, page 17 (H. R. 7456), the words "including coconut oil imported from the Philippine Islands" be added.

Hearings: Page 1208.

Witness: Mr. L. H. Waltke, representing Wm. Waltke & Co.

Rates suggested.—The firm produces so-called cold-process toilet soap, calling for a high grade of coconut oil. As the oils produced in the Philippines and this country are not suitable for the purpose, the witness objects to a duty of 2 cents a pound on the fine material imported from Java, Cochin, and Ceylon.

Hearings: Pages 1208-1211.

Witness: Mr. V. Villamin, representing Santa Anna Oil Mills.

Rates suggested.—That coconut oil be retained on the free list.

Remarks.—The witness points out that, in 1919, 75 per cent of the coconut oil consumed in the United States came from the Philippine Islands.

Hearings: Pages 1211-1214.

Witness: Mr. F. M. Turner, representing the American Nut & Seed Oil Corporation.

Size of industry.—The company employs about 150 men in its crushing plant.

Rates suggested.—Is in favor of allowing things to remain as they are and does not object to the Philippine oils coming in duty free.

Remarks.—Soap manufacturers use Manila or Philippine coconut oil and though the proportion in the soap varies with each manufacturer it is very small. Philippine oil would come in free under the present bill.

Hearings: Pages 1197-1208.

Witness: Mr. F. N. Barnes, representing Procter & Gamble Co.

Costs and selling prices.—The cost of raw materials entering into the production of soap is a much more important item than the cost of labor, unskilled to a large extent. According to the latest data available from the Bureau of Census, the establishments engaged in the manufacture of soap paid during the year 1914 the sum of \$88,866,786 for the raw materials required in the manufacture of soap, while they paid for both salaries and wages the sum of \$14,779,629, or a ratio of 6 to 1.

Rates suggested.—That coconut oil be retained on the free list.

Remarks.—The witness thinks his company has the largest copra-crushing plant in the United States and does not feel the need of protection. An increase of 2 cents per pound in the price of any oil used in the manufacture of soap would increase the cost of soap to the consumer by one-half cent per pound for ordinary laundry soap.

From one-half to two-thirds of the importations of coconut oil is used by soap manufacturers. A table presented shows the percentage of various vegetable oils consumed by the soap industry, 1912-1917. Another gives the consumption of coconut oil by industries, showing that more than one-half of the coconut oil consumed in 1918 went into the manufacture of soaps.

Hearings: 1261-1272.

Witness: Mr. G. T. Pierie, representing the Gorgás-Pierie Co. and others.

Costs and selling prices.—It costs the American miller \$8 to crush one ton of 2,240 pounds of copra. In Java and the Philippines the cost of crushing is \$3. Freight on oil from Java and the Philippines to the Atlantic ports is \$9 a ton, and on copra \$16.80 per ton.

Size of industry.—Upward of \$15,000,000 invested in buildings and equipment, the total investment being \$30,000,000 to \$35,000,000. Total crushing capacity at least 400,000 tons of copra and palm kernels per annum.

Rates suggested.—That coconut oil be retained dutiable at 2 cents per pound and that palm-kernel oil be transferred from paragraph 1626, free list, to paragraph 50 in order to maintain the oil-crushing industry in the United States. It is further requested that the same duty be applied to coconut oil from the Philippines or, at least, that a limit be put on duty-free importations from the Philippines or, alternatively, that an export duty be levied in the Philippines. It is also requested that copra and palm kernels be maintained on the free list under paragraph 1620.

See also pages 1161-1174, testimony of Mr. W. H. Hutchinson and the following summary of letter from Lightfoot Co.

Remarks.—In a letter dated August 26, 1921, addressed to the chairman of the Senate Finance Committee, the Lightfoot Schultz Co., manufacturers of shaving and toilet soaps, 1412-1424 Park Avenue, Hoboken, N. J., takes exception to certain testimony given at these hearings.

Objection is expressed to statements made by Mr. George T. Pierie on August 16, imputing selfish motives to representatives of foreign oil crushers and others in opposing duties on oils while acquiescing in duties on soap, margarine, paint, and varnish. The letter points out that soap makers voluntarily recommended, before the Committee on Ways and Means, that no increase in the present 5 per cent duty on soap be made, providing no duty were placed on the raw materials. The position of the protesting company has been, and still is, based on the ground that the industry depends on free raw materials. The company deprecates any attempt to minimize the importance of that principle to American soap manufacturers.

PARAGRAPH 50.—PEANUT OIL.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. M. M. Osborne (statement and brief), representing the United Peanut Association, Suffolk, Va.

FAVORING LOWER DUTIES:

Mr. John B. Gordon, representing the Bureau of Raw Materials (users of oils, etc.).

Hearings: Pages 1249-1260.

Witness: Mr. M. M. Osborne, representing the United Peanut Association.

Costs and selling prices.—The emergency tariff bill has increased the price of peanut oil to $7\frac{1}{2}$ to 8 cents per pound, an increase of from 1 to $1\frac{1}{2}$ cents. Mills are now paying farmers about \$60 a ton for peanuts for crushing.

Size of industry.—A total of 1,200,000 acres of land is devoted to the growing of peanuts. At \$70 per acre, this represents a land value of \$88,362,000. The number of persons employed in mills, in shelling, cleaning, and pressing, is 10,500, and the value of equipment of peanut mills (crushing machinery, etc.) amounts to \$11,500,000.

Rates suggested.—A duty of 5 cents per pound on crude peanut oil and 6 cents on the refined, and inasmuch as cottonseed oil and other vegetable oils, such as soya-bean oil, come in competition with peanut oil, the same duties on those products.

Remarks.—Tables submitted show production, imports, and exports of peanut oil, and capital invested in the various branches of the industry.

NOTE.—See also pages 1161-1174, testimony of Mr. W. M. Hutchinson.

Hearings: Pages 1239-1249.

Witness: Mr. J. B. Gordon, representing the Bureau of Raw Materials.

Costs and selling prices.—Cost of crushing peanuts is between 6 and 7 per cent of the total cost of oil, of which 75 to 80 gallons are obtained from a ton of peanuts. A table submitted shows cost of transporting oriental peanut oil from Tsing Tau, China, to the Cincinnati district, as \$2.46 per 100 pounds, as against 31 cents for transportation of domestic oil from southern points to the same district. The price of domestic peanut oil, f. o. b. mills, decreased from 7.34 cents per pound in January, 1921, to 5.62 cents in April and rose to 6.65 cents per pound in July of that year. During the same period, prices of oriental peanut oil, c. i. f. Seattle, decreased from 7.92 per pound in January to 6.48 in April and then rose to 7.90 cents per pound in June and July.

Rates suggested.—Opposes duty on peanut oil; requests at least a reduction of duty from 6 to 3 cents per gallon or 40 cents per 100 pounds.

Remarks.—The domestic production of peanuts increased simultaneously with prices of both grades of peanuts, a matter of 100 per cent, showing that importations of foreign peanut oil had no inhibitive effect upon the domestic peanut-oil business. The bulk of the domestic crop was sold to the nut trade during the war. The differential between peanut and cottonseed oil is rarely more than one-eighth or one-fourth cent per pound.

NOTE.—See also pages 1161-1172, testimony of Mr. W. M. Hutchinson.

PARAGRAPH 50.—RAPESEED OIL.

WITNESS.

FAVORING LOWER DUTIES:

The Vacuum Oil Co., 61 Broadway, New York City. (Brief; no appearance at hearings.)

Size of industry.—The annual domestic consumption of rapeseed oil is about 22,000,000 pounds, of which only 137,000 pounds, or from $\frac{1}{2}$ to 1 per cent, is produced in the United States. This is of inferior quality, unsuitable for lubricating oils. The Vacuum Oil Co. uses from one-third to one-half of all rapeseed oil used in the United States as a raw material in compounding lubricating oils.

Rates suggested.—Not to exceed 6 cents per gallon.

Remarks.—The proposed duty of $1\frac{1}{2}$ cents per pound represents $11\frac{1}{2}$ to $11\frac{1}{2}$ cents per gallon, or an increase of 87 to 90 per cent over the act of 1913. Under the low rates of the latter act, both imports and revenue increased as compared with those under the Payne-Aldrich Act.

PARAGRAPH 51.—ALIZARIN ASSISTANT.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

• Mr. Frank C. Marsh (by letter), representing the Baker Castor Oil Co., New York City.

The Providence Drysalters Co., Providence, R. I. (Brief.)

REQUESTING RECLASSIFICATION:

Mr. C. P. Gulick (statement and brief), representing the National Oil Products Co. and others; address, Newark, N. J.

Hearings: Page 1260.

Witness: Mr. F. C. Marsh, representing the Baker Castor Oil Co.

Rates suggested.—That the duty on alizarin assistant be increased from 25 to 50 per cent ad valorem.

Remarks.—This duty is requested in order to harmonize with the duty on castor oil. The usual grades of alizarin assistant imported contain from 50 to 75 per cent of castor oil, which is proposed to be made dutiable at $4\frac{1}{2}$ cents per pound, equivalent to a protection of $33\frac{1}{2}$ per cent on the present ratio of the castor oil abroad, as against a duty of 25 per cent proposed on the finished product—alizarin assistant.

Witness: The Providence Drysalters Co., Providence, R. I. (Brief; no appearance at hearings.)

Rates suggested.—Fifty per cent ad valorem on sulphonated castor oils containing 50 per cent of castor oil; 75 per cent ad valorem on sulphonated oils containing more than 50 per cent of castor oil.

Remarks.—The above rate on sulphonated oils is desired to equalize the duty on the castor oil contained therein with the proposed $4\frac{1}{2}$ cent per pound duty on raw castor oil, and thus enable manufacturers to compete with imported sulphonated oils made from duty-free castor oil.

Hearings: Pages 1151–1161.

Witness: Mr. C. P. Gulick, representing the National Oil Products Co. and others.

Rates suggested.—The witness calls attention to the discrepancy between the duty of 25 per cent on alizarin assistant and $4\frac{1}{2}$ cents per pound on raw castor oil. Quoting market values for the past 10 or 15 years, with the exception of a short interval during the war, the normal value of castor oil was shown to be about 9 cents per pound, so that

4½ cents per pound is equivalent to 50 per cent of its value. If the tariff on castor oil (par. 50) were proportionate to the duty on castor beans, the 25 per cent ad valorem now applied to sulphonated castor oil (alizarin assistant) would be ample, because the duty on castor oil would then not be more than 1½ or 2 cents per pound.

PARAGRAPH 54.—LEMON, ORANGE, LIME, AND GRAPEFRUIT OILS.

(See also par. 1, p. 40.)

WITNESSES.

FAVORING LOWER DUTIES:

Ungerer & Co., New York. (Brief.)

Foote & Jenks, Jackson, Mich. (Brief.)

The Flavoring Extract Manufacturers of the United States, Baltimore, Md. (Brief.)

Witness: Ungerer & Co., New York City. (Brief; no appearance at hearings.)

Remarks.—The domestic production of orange and lemon oils is imaginary; a 20 per cent duty would be a burdensome imposition on the American consumer. Rather protect oils, such as ylang-ylang, produced in quantity in the United States and its dependencies against foreign competition.

Witness: Foote & Jenks, Jackson, Mich. (Brief: No appearance at hearings.)

Rates suggested.—Ten per cent ad valorem on all citrus oils, and not more than 5 per cent additional on all other essential or distilled oils not specially provided for.

Remarks.—The above oils all fall into one class and should therefore receive uniform tariff treatment. They are all citrus oils needed in the country's industries, and all, of necessity, imported.

Witness: The Flavoring Extract Manufacturers of the United States, Baltimore, Md. (Brief; no appearance at hearings.)

Rates suggested.—Not more than 10 per cent ad valorem on all citrus oils (lemon, orange, lime, grapefruit).

Remarks.—These articles are all noncompetitive with American products except, to a limited extent, oil of lemon and oil of orange. The extract manufacturers have also to pay an internal revenue tax of \$2.20 per gallon, amounting to from 40 per cent to 90 per cent by volume of the finished product.

PARAGRAPH 55.—COCAINE.

WITNESS, AND INTERESTS REPRESENTED.

REQUESTING RECLASSIFICATION:

Dr. Frederick W. Russe, representing the Powers-Weightman-Rosengarten Co. and the Mallinckrodt Chemical Works, Philadelphia, Pa.

Hearings: Pages 835-838.

Rates suggested.—That the internal tax be eliminated or the duty on cocaine increased from \$2 to \$3.50 per pound.

Remarks.—Under the present adjustment of rates between coca leaves, the raw material, and cocaine extracted therefrom, the rate is

higher on the raw material than on the finished product. It requires 10 pounds of coca leaves to make 1 ounce of cocaine; the duty at 10 cents per pound on 10 pounds of coca leaves amounts to \$1, while the internal-revenue tax of 1 cent per ounce on 10 pounds of imported coca leaves amounts to \$1.60, making a total duty of \$2.60 per ounce of cocaine which can be obtained. No coca leaves are grown in the United States.

PARAGRAPH 56.—SAFROL.

WITNESS, AND INTEREST REPRESENTED.

FAVORING LOWER DUTIES:

Mr. John F. Queeny, representing the Monsanto Chemical Works, St. Louis, Mo.

Hearings: Pages 885-901.

Rates suggested.—Safrol to be placed on the free list, as it is the raw material required in the manufacture of heliotropine, largely used by perfumers.

PARAGRAPH 56.—PERFUME MATERIALS.

WITNESS.

FAVORING LOWER DUTIES:

Ungerer & Co., New York City. (Brief; no appearance at hearings.)

Remarks.—While the duties in paragraph 57, on finished perfumes, remain the same, the duties in paragraph 56 on unmixed perfume materials have been raised from 20 per cent to 35 per cent ad valorem, and on mixed perfume materials from 20 per cent to 40 cents per pound and 40 per cent ad valorem; finished perfumes in paragraph 57 retain the same rate of duty. This results in increasing the cost of many important perfume materials without giving compensatory duty on competition from finished perfumes. Adjustment of this inconsistency is desired.

PARAGRAPH 56.—ARTIFICIAL OIL OF MUSTARD.

WITNESS.

FAVORING PROPOSED OR HIGHER DUTIES:

The Central Specialty Co., Kansas City, Mo. (Brief; no appearance at hearings.)

Costs and selling prices.—When we began to manufacture we sold the product at \$26 per pound; the price on the market to-day is \$4 to \$4.25 per pound.

Size of the industry.—Our output is 150 pounds per day and we can increase this 50 per cent if occasion require. We have now a reserve supply of 3,500 pounds. The annual consumption in the United States is less than 20,000 pounds.

Rates suggested.—That a provision be inserted in paragraph 56, covering artificial oil of mustard, chemically known as "allylisothiocyanate," and other compounds of allyl at a duty of \$3 per pound.

PARAGRAPH 59.—PARIS GREEN.

WITNESS, AND INTERESTS REPRESENTED.

REQUESTING RECLASSIFICATION:

Mr. A. S. Somers, representing dry-color manufacturers; address 100 William Street, New York.

Hearings: Pages 1011-1019.

Rates suggested.—The discrepancy between the rate of 25 per cent on arsenic (par. 1) and 15 per cent on Paris green should be adjusted.

Remarks.—Mr. Somers stated before the Ways and Means Committee that 15 per cent (American valuation) on Paris green would be satisfactory, but this was predicated on the theory that arsenic, its chief component material, would remain on the free list. (About 75 per cent of arsenic in Paris green.)

PARAGRAPH 60.—PHOSPHORUS.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Charles W. Asbury, representing the American Phosphorus Co., Philadelphia, Pa.

Hearings: Pages 1283-1286.

Costs and selling prices.—The firm's average cost of production is 38 cents per pound. Yellow phosphorus costs about 31 cents and the red about 40 cents per pound; sesquisulphide of phosphorus costs about 35 cents per pound.

Size of industry.—The American consumption in peace time is a little more than 1,000,000 pounds a year. The firm makes about 400,000 pounds when running, but the plant has been closed down entirely since November, 1920.

Rates suggested.—The duty should be not less than 15 cents per pound.

PARAGRAPHS 60 AND 75.—PHOSPHORUS AND CHLORATE OF POTASH.

WITNESS, AND INTEREST REPRESENTED.

FAVORING LOWER DUTIES:

Mr. W. A. Becker, representing the Diamond Match Co., New York City.

Hearings: Pages 1280-1283.

Costs and selling prices.—The firm has found that phosphorus can be made for 20 cents a pound. It "is probably selling as high as 30 to 35 cents a pound."

Rates suggested.—That duty on phosphorus be cut down from 10 to at most 5 cents per pound and that the duty on chlorate of potash be reduced. Reason: To assist domestic match manufacturers in meeting the competition of foreign matches.

PARAGRAPH 62.—ARTISTS' COLORS.

WITNESSES.

FAVORING PROPOSED OR HIGHER DUTIES:

The Devoe & Reynolds Co., New York City.

The Milton Bradley Co., Springfield, Mass.

The Kroma Color Co., Sandusky, Ohio.

(Joint brief; no appearance at hearings.)

Costs and selling prices.—Imported colors are now selling for less than the American manufacturer has to pay for empty boxes and tubes.

Size of industry.—Capital directly employed about \$1,000,000; indirectly, several millions. Number of employees affected, directly, 500 to 700; indirectly, 1,500 to 2,000. Prior to the war, Germany, England, and France had a monopoly on artists' color sales in this country. The domestic industry has since been developed and should be protected.

Rates suggested.—Sixty per cent ad valorem.

PARAGRAPH 64.—BARYTES AND BARIUM.

(See also par. 11, p. 51.)

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Hon. M. E. Rhodes, Congressman from Missouri, representing barytes miners of Missouri.

FAVORING LOWER DUTIES:

L. A. Salomon & Bro., New York City. (Brief.)

Hearings: Pages 874–882.

Witness: Hon. M. E. Rhodes.

Costs and selling prices.—The cost of producing this ore and loading it on the car runs from \$8 to \$11; adding freight of from \$8 to \$10 necessitates a price of from \$20 to \$21 per ton at the Atlantic seaboard market. The German importer is selling to-day for \$9 or less per ton.

Size of industry.—The American production of crude ore, prior to the war, was from 30,000 to 39,000 tons annually, with an annual importation of from 10,000 to 35,000 tons.

	Tons.
1916, domestic production.....	221, 952
1917, domestic production.....	207, 888
1918, domestic production.....	155, 368

Rates suggested.—A specific duty of one-half cent per pound on barytes ore, instead of \$4 per ton, and three-fourths cent per pound on manufactured or ground barytes, instead of \$7.50 per ton. Blanc fixe should be transferred from paragraph 64 to paragraph 11 at a duty of 2 cents per pound, and lithopone from paragraph 74 to paragraph 11 at a duty of 2½ cents per pound. These rates are requested in order to enable producers to compete with German importers.

Witness: L. A. Salomon & Bro., New York City. (Brief; no appearance at hearings.)

Rates suggested.—Crude barytes, \$2.50 per ton; manufactured or powdered barytes, \$5 per ton.

Remarks.—Imports of German barytes have not been large. The production of domestic barytes has been increasing and the industry is able to take care of itself, especially since the opening of mines in the Southern States, nearer the consuming market.

PARAGRAPH 66.—BONE BLACK, DECOLORIZING AND DEODORIZING CHARS.**WITNESSES, AND INTERESTS REPRESENTED.****FAVORING PROPOSED OR HIGHER DUTIES:**

Mr. John Bernard Kreider, representing the Delaware River Chemical Works. (Brief.)

The Darco Corporation, Wilmington, Del. (Brief.)

FAVORING LOWER DUTIES:

Mr. Charles B. Grimes (statement and brief), representing Pomeroy & Fisher, New York City.

Hearings: Pages 1288, 1289.

Witness: Mr. J. B. Kreider, representing the Delaware River Chemical Works.

Rates suggested.—In addition to the rate of 20 per cent ad valorem provided in H. R. 7456, it is urged that a remedy be devised and applied to prevent the abnormally low rates of international exchange, although if the rate be based on American valuation this exchange difference would be appreciably offset.

Remarks.—Bone black and bone char, used in refining cane sugar, are found to add only an infinitesimal expense to the refining cost; that is to say, nineteen thousandths of 1 cent per pound of refined sugar.

Witness: The Darco Corporation, Wilmington, Del. (Brief; no appearance at hearings.)

Costs and selling prices.—Imported decolorizing carbons are now being sold at \$600 to \$800 per ton, and bone black and bone char at about \$200 per ton.

Size of industry.—This concern has recently spent about \$300,000 in development work and contemplates the expenditure of \$1,000,000 on a new plant.

Rates suggested.—A special paragraph placing a duty of 5 cents per pound on decolorizing, refining, and gas absorbing carbons.

Hearings: Pages 1290–1295.

Witness: Mr. C. B. Grimes, representing Pomeroy & Fisher.

Costs and selling prices.—While the market is now 6 cents, quotations from abroad indicate that, with the 20 per cent proposed, it would cost from \$155 to \$160 to land a ton of material, against the English price of \$120. The firm is now selling around \$75 a ton.

At the end of the war domestic prices were 14 cents a pound or \$280 a ton.

Rates suggested.—Bone black or bone char, used for decolorizing purposes, to be put on the free list. It is now dutiable at 20 per cent under paragraph 66.

PARAGRAPH 68.—LAMPBLACK.**WITNESS.****FAVORING PROPOSED OR HIGHER DUTIES:**

The Wilckes-Martin-Wilckes Co., New York City. (Brief; no appearance at hearings.)

Costs and selling prices.—German lampblack is now being sold in New York for 2½ cents per pound, including container.

Rates suggested.—Sixty per cent ad valorem.

Remarks.—Cheap German imports make it absolutely impossible to manufacture lampblack at a profit.

PARAGRAPH 70.—IRON OXIDE PIGMENTS.

WITNESSES, AND INTERESTS REPRESENTED.

REQUESTING RECLASSIFICATION:

Mr. C. K. Williams, representing C. K. Williams & Co., Easton, Pa.

FAVORING LOWER DUTIES:

Reichard-Coulston (Inc.), New York City. (Brief.)

Hearings: Pages 1286-1288.

Witness: Mr. C. K. Williams.

Costs and selling prices.—Umbers and siennas cost around three-fourths of 1 cent a pound and the domestic labor cost is three times that in Italy.

Rates suggested.—Oxide of iron, a pigment, is under paragraph 70. Would have it transferred from paragraph 70 to paragraph 63 or change the rate from 20 to 25 per cent under paragraph 70. Would reduce rate on "ochers, siennas, and umbers, crude or not ground," from one-fourth of 1 cent to one-eighth of 1 cent per pound, so as to reestablish a differential of one-fourth of 1 cent between the manufactured and the crude.

Witness: Reichard-Coulston (Inc.), New York City. (Brief; no appearance at hearings.)

Costs and selling prices.—Domestic umber sells at $\frac{1}{2}$ to 1 cent per pound cheaper than the imported material, and domestic sienna sells at 3 to 10 cents cheaper.

Rates suggested.—Crude umbers and siennas, free.

Remarks.—As the production of these articles in the United States is small, and the quality of an inferior character, there is no competition with imported goods. Free crude materials are desired to give the American crusher an opportunity to compete against the European crusher. The Italians at present bring in about 90 per cent of the imported powdered umber.

PARAGRAPHS 74 AND 88; ALSO PARAGRAPHS 390 AND 391 OF SCHEDULE 3.—ZINC OXIDE.

(See also par. 390, p. 242.)

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Stephen S. Tuthill, secretary, representing the American Zinc Institute, embracing 95 per cent of the United States zinc industry; address, New York City.

Hearings: Pages 1295-1297.

Costs and selling prices.—The process and cost of making zinc oxide are the same as in the case of slab zinc.

Rates suggested.—Rates on zinc compounds to be higher than the rates on zinc and zinc oxide, and zinc oxide to have the same duty as slab zinc, at least 2 cents a pound. The witness pointed out that the zinc schedule is not carried out on the same basis as the lead

schedule; in the latter, lead compounds are dutiable at a higher rate on the manufactured products than on the ore itself.

Remarks.—It was stated that oxide of zinc had been previously classified under Schedule A, but that it would properly come under Schedule C.

PARAGRAPH 75.—POTASSIUM CHLORATE.

(See also par. 60, p. 89.)

WITNESS, AND INTEREST REPRESENTED.

FAVORING LOWER DUTIES:

Mr. Frank Kidde, representing the Monmouth Chemical Co., Paterson, N. J.

Hearings: Pages 1297–1311.

Costs and selling prices.—The price of the German product is about 7 cents per pound, as against 8 cents for the domestic product.

Size of industry.—Forty employees; producing 10 per cent of the total domestic output. There are two other domestic manufacturers—the North American Chemical Co., at Bay City, Mich., and the National Electrolytic Co., at Niagara Falls, N. Y.

Rates suggested.—The duty should not be more than 1 cent per pound.

Remarks.—The witness stated that, prior to the war, an international agreement existed in regard to the sale of potassium chlorate; also that the other two American manufacturers sell to a common agency, J. L. and D. S. Riker, of New York City, and that the United Alkali Co., of England, owns the North American Chemical Co.

PARAGRAPH 75—CAUSTIC POTASH.

WITNESS.

FAVORING PROPOSED OR HIGHER DUTIES:

The Niagara Alkali Co., Niagara Falls, N. Y. (Brief; no appearance at hearings.)

Costs and selling prices.—Present quotations for German caustic potash are 5 cents per pound and for domestic 12 cents per pound.

Rates suggested.—Five cents per pound plus twice the duty on muriate of potash.

Remarks.—It requires two pounds of muriate to make one pound of caustic potash. The rate on caustic potash, proposed in H. R. 7456, is not enough to compensate for the duty on muriate of potash. As present prices show, the domestic industry can not continue without increased protection.

PARAGRAPH 77.—SOAP.

WITNESS, AND INTEREST REPRESENTED.

FAVORING LOWER DUTIES:

Mr. S. W. Eckman, representing B. T. Babbitt.

Hearings: Pages 1272–1277.

Rates suggested.—That vegetable oils be put on the free list. If this recommendation be adopted, would suggest that the duty on

laundry soap, soap powder, and other kinds of soap, n. s. p. f., be reduced to 5 per cent, the rate provided in the act of 1913.

PARAGRAPH 78.—SALT.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Edward W. Brown, representing the Sterling Salt Co., New York City.
Mr. W. T. Chisholm, representing the International Salt Co., Scranton, Pa.
Mr. F. W. Boyer, representing the Wadsworth Salt Co., Wadsworth, Ohio.

FAVORING LOWER DUTIES:

Charles Kurz & Co. (Inc.), Philadelphia, Pa. (Brief.)

Hearings: Pages 1324-1330.

Witness: Mr. E. W. Brown, representing the Sterling Salt Co.

Costs and selling prices.—The wages paid in the company's salt mines are 40 to 50 cents per hour (average underground labor \$5 a day), against 75 cents a day in Germany. Five hundred men are employed in this domestic industry. Rock salt costs approximately \$3 a ton to produce, and an American salt mine costs about \$2,000,000 to equip.

German rock salt is offered at \$6 a ton at Atlantic ports, one quotation being made at \$5.40. The American selling price in single car-load lots is about \$11 a ton. Large buyers on contract pay about \$3 a ton less, or \$8 a ton. Salt from Avery Island via New Orleans to New York costs \$6.40 a ton in New York.

Rates suggested.—Twenty-five cents per 100 pounds is necessary, or would suggest a specific rate of 15 cents per 100 pounds plus an ad valorem of 20 per cent, American valuation basis.

Hearings: Pages 1311-1324.

Witness: Mr. W. T. Chisholm, representing the International Salt Co. and salt producers of the United States.

Costs and selling prices.—Foreign rock salt, nonedible, is offered in bulk at Atlantic ports at 29 cents per 100 pounds; in 100-pound bags at 50 cents.

Rates suggested.—Twenty-five cents per 100 pounds, with a proviso that the coverings, i. e., the bag, sack, barrel, package, or other container, pay the same rate of duty as if imported separately; as an alternative, an import duty of 25 cents per 100 pounds on coarse or rock salt, coming in bulk or in large containers, in 100 or 200 pound bags, and 35 cents per 100 pounds on fine, ground, pulverized or refined salt in similar containers.

Hearings: Pages 1330-1332.

Witness: Mr. F. W. Boyer, representing the Wadsworth Salt Co.

Costs and selling prices.—Including freight, etc., \$16.60 per ton. German salt, delivered at the same point, \$8.15 per ton—a difference of \$8.45 per ton. A German salt maker has proposed to an American salt maker to deliver his product at the ports along the Atlantic coast, the latter to designate the names of the ports, at practically the cost of transportation from the central territory to those ports. Letter produced.

Rates suggested.—A duty so high that this arrangement could not be carried out.

Witness: Charles Kurz & Co. (Inc.), Philadelphia, Pa. (Brief; no appearance at hearings.)

Rates suggested.—Free.

Remarks.—It is practically impossible to find a domestic market for imported salt outside of the Atlantic seaports. With the risk of exchange and ocean freight fluctuations, and the necessity for the importer to have storage facilities in this country, foreign salt can not come into competition with the domestic product where an interior freight haul is necessary.

PARAGRAPH 78—SODIUM BICARBONATE.

WITNESS.

FAVORING LOWER DUTIES:

The Jacques Manufacturing Co., Chicago, Ill. (Brief; no appearance at hearings.)

Costs and selling prices.—The prewar selling price was less than 1 cent per pound.

Size of industry.—In 1920 the domestic production was 188,906 tons, of which 10,321 tons were exported. The average imports for the last 10 years have been only 42 tons. The price has doubled since 1916.

Rates suggested.—One-fourth of 1 cent per pound.

Remarks.—Soda ash, made by heating bicarbonate of soda, is to be dutiable under H. R. 7456 at only one-fourth cent per pound, and its price is about the same as bicarbonate. Caustic soda, made from soda ash, is to be dutiable at one-half cent per pound, and its value is about double that of bicarbonate. It is obvious, therefore, that the duty on bicarbonate is disproportionately high, and should be lowered. As the low rate of the act of 1913 encouraged scarcely any imports of bicarbonate, a continuation of these rates is not likely to bring about any considerable increase.

PARAGRAPH 78.—NITRITE OF SODA.

WITNESS.

FAVORING PROPOSED OR HIGHER DUTIES:

Hon. Wesley L. Jones, Senator from Washington.

Hearings: Pages 5176-5178.

Costs and selling prices.—The prewar annual consumption was about 3,000 tons, valued at \$120 per ton. The demand increased rapidly during the war and present annual needs are estimated at about 6,000 tons. The maximum price reached was 60 cents per pound. At present, German sodium nitrite is selling in New York for 6 cents per pound spot.

Rates suggested.—Five cents per pound.

Remarks.—Unless adequate protection is afforded, the American Nitrogen Products Co., of Seattle, Wash., operating a nitrogen fixation plant, will not be able to continue, nor will it be able to expand the industry by utilizing cheap western electric power in the manufacture of other nitrogen fixation products.

PARAGRAPH 79.—HYDROSULPHITES AND SULPHOXYLATES.

WITNESS.

FAVORING PROPOSED OR HIGHER DUTIES:

The Rohm & Haas Co. (Inc.), Philadelphia, Pa. (Brief; no appearance at hearings.)

Costs and selling prices.—This concern, the pioneer manufacturer in the United States when European imports were cut off, has reduced its selling price from \$1.50 to 40 cents per pound, but each reduction has been met by a greater one on the imported product.

Rates suggested.—Same as in H. R. 7456.

Remarks.—These products are essential in the textile industry, and for the manufacture of salvarsan.

(NOTE.—See also hearings before Ways and Means Committee, pp. 103–105.)

PARAGRAPH 80.—WHEAT STARCH.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. G. J. Jenks, representing the Huron Milling Co., Harbor Beach, Mich.

Hearings: Pages 1334–1337.

Costs and selling prices.—During the war the Japanese began the manufacture of wheat starch, and their price this year has been 2½ cents per pound below the domestic. Susuki & Co., of New York, quoted wheat starch at \$5.85 per 100 pounds; the company's price at that time was \$7.25 per 100, and the cost, roughly, \$8.75 per 100 pounds.

Rates suggested.—A duty of 1½ cents per pound, the same as on potato starch.

PARAGRAPH 84.—THORIUM, CERIUM SALTS, GAS MANTLE SCRAP.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Joseph M. Sherburne, representing Lindsay Light Co., Chicago, Ill.

Mr. Sidney Mason, representing the Welsbach Co., Gloucester City, N. J.
(Brief; no appearance at hearings.)

Hearings: Pages 1341–1344.

Witness: Mr. Joseph M. Sherburne.

Costs and selling prices.—The present price of imported thorium nitrate is \$2.73 per pound, duty paid, f. o. b. New York, and the present market price of thorium nitrate made in the United States is \$3.75 per pound. This represents a decrease in selling price during the last five years of more than 53 per cent and an increase over the importer's 1914 price, which was \$3.30 per pound, of less than 14 per cent.

Rates suggested.—Fifty per cent ad valorem on American valuation.

Witness: Mr. Sidney Mason, representing the Welsbach Co.

Costs and selling prices.—The price of thorium, the basic material of the gas-mantle industry, is \$3.75 per pound, which is 10 per cent

above the prewar price established in this market by the German trust. The German price is \$2 plus the 25 per cent duty, or \$2.50 duty paid, New York. That is $33\frac{1}{3}$ per cent below the American price. The proposed duty, 25 per cent on American valuation, would make a duty of 94 cents and raise the price to \$2.94, which is still 22 per cent below the American price.

The present entry price of German thorium is equivalent to 400 marks as against 8 marks prewar. With this difference, it is clear that the Germans can sell in the American market below their present selling price. In granting 45 per cent, owing to the reduction on free sand and to the probable reduction on other material costs, the American manufacturer may sell at \$3.50 per pound. The German product would then enter at \$3.575. The difference between the price of \$3.50 and the present German price of \$2.73 would be equivalent to about one-fourth of a cent on each gas mantle.

Size of industry.—There are three manufacturers of thorium in the United States. One factory is totally closed, one is cleaning up, and one claims to be working on a 25 per cent basis.

Rates suggested.—Forty-five per cent ad valorem.

Remarks.—The commercial source of thorium is monazite sand. The latter is on the free list, but under the act of 1913 it was dutiable at 25 per cent. The proposed change to the free list would reduce the manufacturing cost of nitrate of thorium $9\frac{1}{2}$ to 10 cents per pound, or one-thirtieth of 1 cent of the cost of thorium in gas mantles.

PARAGRAPH 85.—TIN CHLORIDES.

In a letter addressed to the chairman of the Senate Committee on Finance, on July 28, 1921, the Metal & Thermit Corporation, 120 Broadway, New York City, directs attention to the proposed 20 per cent ad valorem duty on tin chlorides. As large manufacturers of these products, the company regards that duty as insufficient to meet the competition of foreign manufacturers and believes that a duty of at least 40 per cent is necessary.

Confining present observations to tetrachloride of tin, as typical of conditions, it is pointed out that here, as abroad, all tin chlorides are produced by the action of chlorine gas on tin-plate scrap or clippings, 81 pounds of gas being required to produce 100 pounds of tetrachloride. The present cost of this chlorine gas is something over 4 cents per pound, or \$3.25 for 81 pounds. Adding labor costs, amounting to \$4.37, the American production cost of 100 pounds of tetrachloride of tin is shown to be \$7.62.

As contrasted with these figures, it is stated that the cost of the chlorine gas to German manufacturers is only 96 cents, taking the mark at 1.3 cents. Adding labor costs, \$1.06, the total German cost is \$2.02, as against the American company's \$7.62, cited above. In other words, German manufacturers can produce at a cost of at least $5\frac{1}{2}$ cents per pound cheaper than is possible here. The proposed 20 per cent duty would amount to only 3.6 cents per pound, so that a duty of 40 per cent would appear to be necessary if adequate protection is to be afforded.

Stress is laid upon the importance of tetrachloride of tin in peace and in war—in the former case in silk dyeing, and in the latter for the manufacture of poisonous gases, and for other uses.

In a further letter, dated August 13, 1921. the company states that the price of tin and chlorides is no longer 50 to 100 per cent above prewar prices, as stated in "Tariff Information Surveys," but is now considerably lower than prewar rates. Tin is now selling at 26 to 27 cents per pound, as compared with 40 to 45 cents—the average price for a number of years before the war.

PARAGRAPH 86.—TITANIUM POTASSIUM OXALATE.

WITNESS.

FAVORING PROPOSED OR HIGHER DUTIES:

The Rohm & Haas Co. (Inc.), Philadelphia, Pa. (Brief; no appearance at hearings.)

Costs and selling prices.—The price of this article was reduced by this concern from \$1.80 to 60 cents per pound in January, 1921. The imported material is being offered to jobbers at 25 cents, and to users at 35 cents per pound.

Rates suggested.—Sixty per cent ad valorem, or 10 cents per pound and 25 per cent ad valorem.

Remarks.—This article is important as a mordant in the leather and textile industries. The protection needed is obvious.

(See also hearings before Ways and Means Committee, p. 106.)

PARAGRAPH 88.—ZINC CHLORIDE.

WITNESS.

FAVORING LOWER DUTIES:

The Diamond State Fiber Co., Bridgeport, Pa. (Brief; no appearance at hearings.)

Costs and selling prices.—The price of zinc and hydrochloric acid, the raw materials used in the manufacture of zinc chloride, has reached pre-war levels, yet domestic manufacturers of zinc chloride are asking 8½ cents per pound for the latter, while the imported product can be laid down at the company's plant for 7 cents per pound, duty paid, indicating that domestic manufacturers are not justified in asking for additional tariff protection.

SCHEDULE 2.—EARTHS, EARTHENWARE, AND GLASSWARE.

PARAGRAPH 201.—FIRE BRICK.

WITNESS.

FAVORING PROPOSED OR HIGHER DUTIES:

F. T. Crowe & Co., Seattle, Wash. (Brief; no appearance at hearings.)

Rates suggested.—A specific duty on fire brick is requested instead of an ad valorem rate. Under the act of 1909 the duty was \$1 per ton on the standard 9-inch brick, weighing approximately 7,000 pounds to the thousand. The protection given to American manufacturers would be \$3.50. On a specific rate, English, Scotch, and Chinese brick would pay the same duty per thousand as the Canadian brick, which is produced at much higher cost on account of the wages and fuel cost being even higher than in this country.

Remarks.—There are some hardships under the foreign valuation plan, owing to the fact that prices of Canadian brick in the home market are considerably higher than English and Scotch prices in the United Kingdom. On Canadian brick the railroad freight rate from the plant at Clayburn, British Columbia, only 10 miles over the border, is 21½ cents per hundredweight to Tacoma and 17 cents to Seattle. Ocean freight on English and Scotch brick has been as low as 20 shillings per long ton.

PARAGRAPH 202.—TILES.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. D. A. Cable, representing United States Roofing Tile Co., Parkersburg, W. Va.

Mr. F. S. Williamson, representing Williamson & Messinger, Philadelphia, Pa.

FAVORING LOWER DUTIES:

Mr. W. A. Revis, importer, representing importers and users of Adamantine tiles, New York.

Mr. Adolph Grant, representing Adolph Grant & Co., New York.

REQUESTING RECLASSIFICATION:

The United States Roofing Tile Co., the Murray Roofing Tile Co. (Joint brief.)

Hearings: Pages 1352-1354.

Witness: Mr. D. A. Cable, representing United States Roofing Tile Co.

Size of industry.—Quarry tiles, which have been made in Europe for many years, were not manufactured in the United States to any extent before the war, but there are now seven small plants in operation. The United States Roofing Tile Co. is the only one engaged exclusively in the production of these tiles. It began operations in 1914, but made no profits until 1918. In the fiscal year 1920 importations of quarry tiles were twice the value of all other imports of tiles.

Rates suggested.—Quarry tiles, red or brown in color, 5 cents per square foot, but not less than 25 per cent ad valorem, the latter being, under American valuation, practically equivalent to 45 per cent, the rate provided under the Payne-Aldrich Act. The witness further requested that the word "so-called" occurring before "quarry tile" be stricken out. These rates are requested because the industry is a new one in the United States, and the rates proposed will act as a stabilizer and assist the new plants to survive competition.

Hearings: Pages 1345-1349.

Witness: Mr. F. S. Williamson, representing Williamson & Messinger.

Costs and selling prices.—The average foreign market price of the cheapest grade of red unglazed floor tile, known as Plastora, is 17 cents per square foot in England. The nearest comparable tile of American manufacture is a much better tile, valued at about 40 cents per square foot. White glazed wall tiles are divided into three qualities, selling in the United States for 50, 40, and 25 cents per square foot, respectively. The practice of marketing inferior German tiles in this country as the best quality product should be stopped.

Size of industry.—The domestic industry is more than sufficient to supply all demands. Its products are now valued at from \$5,000,000 to \$7,000,000, while imports are about \$100,000 per annum. Imports of tile, especially white glazed wall tile, during the past two years were due to the fact that domestic manufacturers could not make deliveries and contractors were forced to import tile at any price, regardless of quality. Many of the inferior tiles imported are now in warehouses and can not be sold.

Rates suggested.—The witness argued that the proposed duty of 8 cents per square foot, or 35 per cent of the 40 cents (the price of the American article), is prohibitive when applied to the cheap English tile selling abroad for 17 cents per square foot, being 80 per cent of the foreign selling value. He objected for this reason to the ad valorem minimum proposed, pointing out that it is out of proportion to the 3 cents per square foot and not less than 20 per cent ad valorem assessed on far better quarry tiles. He would assess the rate of 4 cents per square foot on all unglazed tile, with no limiting ad valorem value, and would have white glazed tiles made dutiable at a rate between 5 and 8 cents per square foot, also without mention of an ad valorem equivalent. This stand was taken by the witness because American manufacturers can and do supply the entire consumption of tiles of all kinds.

Hearings: Page 1354.

Witness: Mr. W. A. Revis, importer, representing importers and users of Adamantine tiles.

Costs and selling prices.—The red, unglazed tiles known as Adamantine tiles are made in Wales and cost at Atlantic seaboard ports to-day 26½ cents per square foot. Comparable domestic tiles sell for 44 cents.

Rates suggested.—All reference to color should be deleted from that part of paragraph 202 relating to quarry tiles; these being made in blue, buff, and gray, as well as in red and brown. Witness states that having regard to the selling prices outlined under "Costs and selling prices" the duty on Adamantine tiles will be increased from 5 cents (Underwood) to 16½ cents, or to 225 per cent. This would bring their cost to 43¼ cents per square foot and prohibit further importations.

Hearings: Pages 1349–1351.

Witness: Mr. Adolph Grant, representing Adolph Grant & Co.

Costs and selling prices.—There are three grades of white glazed wall tiles, selling respectively for 50, 40, and 25 cents per square foot.

Comparability.—American manufacturers produce a high-grade glazed wall tile which competes directly with the imported. A dull, egg-shell glazed tile produced in England is not produced in the United States. An excessive duty on the latter product protects no American industry, but handicaps the building contractor in the United States.

Rates suggested.—At least 10 cents per square foot for bright glazed wall tile and 8 cents per square foot on English dull-glaze tile, with no ad valorem minimum or maximum. A proviso should be added to the effect that no foreign manufacturer be permitted to bring into this country any tile at a lesser price than the best price

for the best quality of goods prevailing in his own country at the time the shipment is made. This would obviate the possibility of dumping inferior goods in this market.

Remarks.—The testimony of Mr. Williamson is, in part, the subject of a letter addressed, on September 10, 1921, to the chairman of the Senate Committee on Finance, in which Mr. F. W. Walker, representing the Associated Tile Manufacturers, offers criticisms summarized below:

Mr. Walker asserts that if the Plastora tile was imported under the specific rates of the Underwood and Payne-Aldrich tariffs—5 cents and 8 cents per square foot, respectively—it was incorrectly classified. This tile, if so imported, would kill the manufacture of similar tile in the United States.

As regards white glazed wall tile, much poor quality German tile was offered and sold in the United States at very low prices in 1920, but this was a dumping transaction, soon found incapable of repetition in view of the American demand for very much better quality. A quality is now being offered by German manufacturers at a price which bids fair to command the market. A similar condition applies to tile exports which, including Canada, have never amounted to \$200,000. It seems probable that Germany will soon command all export markets through her low cost of manufacture.

Referring to the testimony of Mr. Adolph Grant, Mr. Walker classes it with Mr. Williamson's as "ingeniously made for the purpose of covering up facts and enabling the importation of certain tiles for their use." Every class or kind of tile mentioned in paragraph 202 is manufactured in the United States. Differences in prices of white glazed tile are accounted for by their assortment into three grades on account of surface blemishes, one grade being necessarily sold below cost of manufacture.

Mr. W. A. Revis's statement in regard to "quarries" evokes the remark that these are now used the same as tile and should be so classified. The inclusion of other colors than red or brown with quarries would lead to the importation of tiles under quarry classification, within which the Adamantine tile falls.

The testimony of Mr. D. A. Cable leads to the explanation that the qualification "so-called" was originally used to prevent confusion between terms. With the same object, Mr. Walker suggests the need of proper classification, the retention of the words "red or brown in color" and the reinstatement of the words " $\frac{1}{4}$ inch or over in thickness."

The letter concludes with an expression of approval of paragraph 202, although the measure of protection from German tile, made under cheap conditions, is not as the tile interests would like. On the other hand, while regarding Japanese conditions as likely to offer a very serious problem at no late date, they refrain from more than that allusion at this time.

Witness: The United States Roofing Tile Co., the Murray Roofing Tile Co. (Joint brief; no appearance at hearings.)

The brief asks that no exception be made of pill tiles, quarries, or quarry tiles.

Remarks.—It is argued that quarry tiles are both glazed tiles and vitrified tiles and that an equal amount of labor is needed for their

production. The labor engaged in manufacturing quarry tiles is entitled to the same protection as that used in the manufacture of unglazed and vitrified tiles. The discrimination originated in 1908, when practically no quarry tiles were made in this country, has been carried into subsequent tariff bills. Quarry tiles are made in various colors, including ivory, gray, and red, whereas paragraph 202 places a duty on red and brown, only. This color restriction should be eliminated.

PARAGRAPH 203.—HYDRAULIC CEMENT.

WITNESSES, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. William J. O'Brien, representing 83 cement manufacturers; address, Baltimore, Md.

Mr. Hal H. Smith, representing the Huron Portland Cement Co.

Hearings: Pages 1354-1367.

Witness: Mr. William J. O'Brien, representing 83 cement manufacturers.

Costs and selling prices.—The average factory price of cement in the year 1920 was \$2.02. Cost of production in that year was \$2.019 a barrel, which includes a 6 per cent charge for profit, as in 1920. The price to the consumer sometimes reached \$8 a barrel during the war.

Size of industry.—The Portland cement industry in the United States has 115 plants with a 1920 production of 100,302,000 barrels. Shipments in the same year aggregated 96,329,000 barrels; there was, therefore, an overproduction of approximately 4,000,000 barrels. The rated capacity of the plants totals about 149,000,000 barrels. The capital invested is substantially \$130,000,000, and the industry employs 36,500 men in and about the mills. The yearly pay roll amounts to \$61,500,000, or nearly \$1,700 per man. Of the domestic plants several are on the Pacific coast, 31 near the Canadian border, 10 along the Mexican border, and a large number adjacent to the Atlantic seaboard. In 1920 there were imported 502,785 barrels, valued at \$1,230,000, the major part coming from Canada. Exports during 1920 amounted to 2,985,810 barrels, valued at \$10,055,369. Of these, 31,486 barrels went to Canada and the rest were shipped mainly to South America and the West Indies; none to Europe.

Rates suggested.—The witness requested a rate on Portland cement equivalent, on American valuation, to the 8 cents per 100 pounds under the Payne-Aldrich schedule. This is necessary, because Canadian productive capacity is increasing very rapidly, while favorable geographical location and freight rates permit Canadian manufacturers to cut below the prices of American manufacturers in the northern border States, especially Michigan.

Remarks.—Canada imposes a tariff of 8 cents per 100 pounds on cement, equivalent to 30.4 cents per barrel. There is a 20 per cent ad valorem duty on the sacks and a 2 per cent sales tax covering the cement and container, making in all a duty of 56.4 cents per barrel. In addition, there is an antidumping duty not to exceed 15 per cent.

A brief, subsequently submitted, points out that the industry is particularly vulnerable to foreign competition, Canadian manufac-

turers enjoying especially favorable conditions. Roman, Portland, and other hydraulic cement should be subject to a duty of 8 cents per 100 pounds, including weight of barrel or package, and to a duty of 7 cents per 100 pounds in bulk.

Hearings: Pages 1367-1369.

Witness: Mr. Hal H. Smith, representing the Huron Portland Cement Co.

Costs and selling prices.—Canadian labor costs in cement plants are 20 to 25 per cent less than in plants on the American side; that is to say, common labor is 25 cents in Canada as compared with Michigan labor of 40 cents. American raw material is located at some distance from the manufacturing plants, and Canadian mills possess an advantage in this respect. Canadian plants are located in close proximity to the ports of Buffalo, Cleveland, and Detroit, and freight rates from Canadian plants to these centers are in some cases as low as 10 cents a barrel, or one-third of the domestic rate to the same center. A large part of the Michigan cement production is sold direct to the consumer. Prices in Michigan to-day are \$1.70 per barrel net. There has been at times a small discount as between the dealer or jobber and the consumer.

Size of industry.—There are 12 cement plants in the Michigan district. The 1920 production was 5,000,000 barrels, with a capacity of 7,000,000 barrels. The invested capital amounted to \$16,000,000, and the industry employs 3,000 men, receiving yearly wages of \$4,500,000.

Rates suggested.—A rate of 8 cents per 100 pounds, including weight of barrel and package, as in the Payne-Aldrich schedule, would neutralize to some extent the advantage possessed by the Canadian plants in the way of cost. It would tend to bring cement duties into line with those of similar products, such as clay and limestone (raw materials in the manufacture of cement), which are assessed 5 cents per 100 pounds.

PARAGRAPH 204.—LIME.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. William A. Humphrey, representing the National Lime Association and the lime manufacturers of the Pacific coast; address, Washington, D. C.

Hearings: Pages 1370-1377.

Costs and selling prices.—The Pacific coast lime manufacturers compete directly with the lime manufacturers located in British Columbia. Labor costs in British Columbia are from one-third to one-half those paid in the United States, largely because Canadian plants use Hindu and Chinese labor, whereas American labor is used in domestic plants. Thus, wages paid in Canada include Chinese coopers, 40 cents per hour; Chinese firemen and stokers, \$3.85 per day; Chinese mine labor, \$2.82 per day; common labor, 25 cents per hour (Canadian currency). As against these rates wages in the United States are: Coopers, 87 cents to \$1.25 an hour; firemen and stokers, \$7 to \$9 per day; miners, \$5 to \$7 per day; common labor, 50 to 75 cents an hour. In addition to the above, Canadian plants can utilize

cheap foreign shipping in transporting their products to American points of consumption, while domestic plants must use higher-priced American tonnage. The 15 per cent depreciation in Canadian currency is in itself a serious handicap to the American producers. As regards selling prices, it was claimed that Canadian producers had resorted to unfair methods in competing on the United States side of the border. The statement was made that the Pacific Lime Co. has offered to stay out of the American market if American manufacturers would agree to pay it a tribute. It has published misleading and false advertising and has, in fact, resorted to every known form of commercial piracy. The witness claimed further that a large shipment of lime was placed on the American market with the express purpose of breaking the market when this proceeding appeared to be profitable to the Canadian owners.

Size of industry.—No mention was made of the lime-producing capacity on the Pacific coast of the United States, but the Roach Harbor Lime Co., the largest plant, with a capacity of 450,000 barrels annually, was referred to as now producing only 30,000 barrels per year.

Comparability.—The Bureau of Standards in Washington has demonstrated by chemical analysis that both Canadian and American lime are the highest quality produced in the world. They are, therefore, comparable in every way.

Rates suggested.—

	Cents per 100 pounds.
Lime in coopeage-----gross weight--	50
Lime in bulk-----do-----	30
Hydrated lime-----do-----	40
Limestone, broken or crushed, in bulk-----	15
Ground limestone in bags-----	7½
Ground limestone in bulk-----	5

The witness estimates that these rates would neutralize the protection now enjoyed by the Canadian producer, but would still leave him the advantage of foreign cheap ships, of exchange, and of cheap Chinese labor.

PARAGRAPH 205.—KEENE'S CEMENT, GYPSUM, ETC.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING LOWER DUTIES:

Mr. A. H. Cousins, representing A. H. Cousins (Inc.), 516 West Twenty-fifth Street, New York City.

Mr. W. A. Revis, representing W. H. Revis (Inc.), New York City.

Mr. William M. Chadbourne, representing importers of Canadian gypsum.

Hearings: Pages 1380-1383.

Witness: Mr. A. H. Cousins, representing A. H. Cousins (Inc.).

Comparability.—Witness states that, having experimented with every grade of American Keene's cement, he has been unable to find one which satisfied his requirements. The A. H. Cousins Co., manufacturing high-grade artificial marble, have found that they must have the highest grade of imported material.

Hearings: Pages 1377-1380.

Witness: Mr. W. A. Revis, representing W. H. Revis (Inc.).

Costs and selling prices.—The ocean freight cost of laying down Keene's cement at New York is \$9.02, and the total cost varies from

\$27.32 to \$56.43, depending on the grade. This material sells to the consumer at from \$40 to \$80 per ton. At the present time the net wholesale prices of comparable foreign and domestic grades in New York City are \$28.40, \$45.58, and \$53.17 for the foreign as compared with \$24.70, \$27.97, and \$50.20 for the domestic. Prices for other foreign grades are contained in witness's brief on page 1379.

Comparability.—The highest grade of Keene's cement imported at high prices and only in small quantities is not comparable to anything manufactured in the United States. The cheaper grades of imported cement, on the other hand, have not been able to survive present conditions and their importation has about ceased.

Rates suggested.—The proposed rates in H. R. 7456 will amount to almost double those of the Payne-Aldrich bill and to three times the Underwood rate. The witness requests that the duties be made not more than the rates contained in the Payne-Aldrich Act. American cement is selling at lower prices than the foreign article, showing conclusively that American manufacturers require no more protection than they are receiving at present.

Supplementing his oral testimony, Mr. Revis, in a letter to the committee, dated August 23, 1921, defends his statement that the duties under H. R. 7456 are very materially higher than those under the Payne-Aldrich bill. Although the rate to be applied is specific, the duties are on a sliding scale and if they are adjusted according to the selling price of the comparable American article they will be 200 per cent higher than those under the Payne-Aldrich bill. Even if the value is taken as the actual cost of the imported merchandise, the increase would be fully 100 per cent over the present duty by reason of the doubly increased cost.

Rates suggested.—In the light of further consideration, Mr. Revis suggests that a flat rate of \$5 per ton be applied to all grades of Keene's cement that may be imported. This would eliminate the vexed question of value and be otherwise beneficial.

Hearings: Pages 1383-1390.

Witness: Mr. William M. Chadbourne, representing importers of Canadian gypsum.

Costs and selling prices.—The value of raw Nova Scotia gypsum is about \$1.50 per ton.

Size of industry.—The normal consumption of raw gypsum in the United States is between 2,500,000 and 3,000,000 tons, 10 per cent of which is imported. From 80 to 85 per cent of the domestic production is mined west of the Alleghenys and does not reach the Atlantic seaboard in any quantity. East of the Alleghenys, in the United States, are two sources of supply only, one in western New York, near Buffalo, and two small plants in West Virginia. The Virginia plants produce between 100,000 and 150,000 tons a year, and their product is distributed locally and in the south Atlantic seaboard States. About two-thirds of the supply of raw gypsum for the New England industrial region comes from western New York and about one-third from Nova Scotia. The quarries in Nova Scotia are owned by American capital. The material is mined in Nova Scotia and shipped crude to the United States. When it reaches this country, it is converted into the finished product in American mills.

Rates suggested.—Witness would have raw gypsum restored to the free list, because the duty collectable is not sufficient to pay for

the trouble involved and, further, because the cost of collection and handling, incident to measuring for duty purposes, is a considerable handicap to the manufacturers of gypsum in this country. American gypsum producers, with the exception of one small company in Virginia, raised no objection to the placing of raw gypsum on the free list. The Southern Gypsum Co., of North Holston, Va., objected on the ground that the 10,000 tons of foreign gypsum entered through Norfolk, Va., competes with the domestic product for fertilizing purposes, while the duties naturally increase the cost to the American farmer.

PARAGRAPH 206.—PUMICE STONE.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Robert Laughlin, representing California pumice-stone miners; address, Buffalo, N. Y.

FAVORING LOWER DUTIES:

Mr. F. L. Goetz, vice president, representing James H. Rhodes & Co. The American Plano Co., New York City. (Brief.)

Hearings: Pages 1394-1403.

Witness: Mr. Robert Laughlin, representing California pumice-stone miners.

Cost and selling prices.—The delivered cost of American pumice stone at Atlantic seaboard is \$39.94 per ton. Of this cost freight and cartage alone amount to \$22.20 per ton, including 3 per cent war tax. This may be compared with foreign raw material at \$13.50, ocean freight at \$7, and present duty of 65 cents a ton, making a total of \$21.15 delivered on Atlantic seaboard. Touching selling prices, there is a wide difference between the price of the ground pumice stone in bulk and the price obtained by the retailer in small lots. Samples of ground pumice were submitted for which witness had paid at the rate of 80 cents and \$1.20 per pound, respectively, whereas the production cost was about 3 cents. This was cited to show that the duty on either the raw or the manufactured product would not materially increase the price to the ultimate consumer.

Size of industry.—The normal consumption of pumice is between 10,000 and 11,000 tons per annum. Present production in the United States is nil, the last mine closing down about January, 1920. Domestic production would not be increased to over 4,000 or 5,000 tons a year except as eastern consumption expanded.

Comparability.—Witness states in his brief that there are some uses for which only the imported pumice is suitable, but that the cost of pumice stone is so small in comparison with the total cost of the manufactured article that the effect of the proposed rate would be negligible. He cited the example of an automobile selling for from \$6,000 to \$6,500 upon which 1 pound of pumice is used.

Rates suggested.—

	Cents per pound.
Pumice stone, valued at \$15 or less per ton.....	1
Pumice stone, valued at more than \$15 per ton.....	1.1
Wholly or partly manufactured.....	1.4
Manufactures of pumice stone.....	1 ¹

¹ And 26 per cent ad valorem.

Remarks.—The “brief” referred to above, and from which much has been taken, is a letter dated July 25, 1921, addressed to the Committee on Finance by Brand & Stevens, New York City, as showing that “the proposed tariff is not adequate to cover the differential between the foreign-shipped product and the American.”

Hearings: Pages 1391–1394.

Witness: Mr. F. L. Goetz, vice president, representing James H. Rhodes & Co.

Costs and selling prices.—Foreign pumice stone cost \$7.50 a ton prior to the war and now costs \$13.50 per ton in Italy. This is crude material. No data were given on domestic costs.

Size of industry.—Italy is the largest producer of high-grade pumice stone. Pumice stone is produced in the United States in Kansas and in the Rocky Mountain States.

Comparability.—American pumice stone is, according to the witness, absolutely unsuitable for use in fine work, such as furniture polishing and technical uses. The American product is largely used in cleansing compounds, such as Dutch Cleanser, but for other uses the imported product is indispensable.

Rates suggested.—A duty on pumice stone, crude, not exceeding 65 cents per ton, practically the rate of duty paid at present, or 5 per cent of the present value in Italy, namely \$13.50. An increased rate of duty would handicap American consumers of ground pumice stone and would not aid American manufacturers in disposing of their product.

Remarks.—A letter from Mr. Garlow, of Meade, Kans., a former domestic producer of pumice stone, had been introduced in the hearings of the Ways and Means Committee (Part 1, pp. 477, 481). Mr. Garlow, who had thought, in 1913, that Italian pumice stone should be kept out, now says that American pumice is not competitive with the Italian article.

Witness: The American Piano Co., New York City. (Brief; no appearance at hearings.)

Rates suggested.—The company protests against the increase in H. R. 7456 on pumice stone to the extent of 3,000 per cent, asserting that no pumice stone that will work at all satisfactorily is produced in the United States. An increase in the duty from 67½ cents per ton to \$20 per ton, it is asserted, would make it impossible for American manufacturers to turn out a high-grade finished piano or other high-class furniture.

Remarks.—The piano industry is a very large consumer of pumice stone, but satisfactory results have been obtained only through the use of American-ground Italian pumice. For a period of about six months during the war, when it was impossible for the company to obtain Italian pumice, southern California pumice stone was used. Although it is understood that in some industries the domestic pumice has proved to be 50 per cent efficient, the company's employees stated that they would be obliged to quit unless they could obtain Italian pumice.

PARAGRAPH 207.—FLUORSPAR, CHINA CLAY, ETC.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

- Mr. A. A. Northern, representing miners of fluorspar; address, Hopkinsville, Ky.
 Mr. Milton A. Edgar, representing the American Clay Producers' Association and others.

FAVORING LOWER DUTIES:

- Mr. John Richardson, representing himself and other importers and consumers of foreign china clay.
 The Locke Insulator Corporation, Baltimore, Md. (Brief.)
 The Maine Coated Paper Co., Rumford, Me. (Brief.)
 W. C. Hamilton & Sons, Miquon, Montgomery County, Pa. (Brief.)

Hearings: Pages 1419-1425.

Witness: Mr. A. A. Northern, representing miners of fluorspar.

Costs and selling prices.—Development costs in fluorspar mining are an important factor in the total, because the material occurs in isolated blocks and many feet of tunnel must often be driven from one block of ore to another. Mining could be cheaply carried on before the war, because at that time the deposits were on the surface and easily obtainable. During the war these surface deposits were exhausted, and at the present time mining has been carried on to a depth of several hundred feet. The cost of production at the mines in Kentucky during the year 1920 was \$20.25 per ton of 2,000 pounds. The selling price at the mines in Canada, January-June, 1921, was \$8.75 per ton, and the English cost of production was \$2.80 per ton. The average landed cost of foreign fluorspar during the first six months of 1921 was \$10.50, exclusive of duty. This includes first cost, transportation, and profit to the foreign producer, as compared with the average cost of \$20.25 in this country without profit to the consumer. As against this, English fluorspar is now being delivered at Atlantic ports, duty paid, at a cost of about \$10.50 per short ton.

Size of industry.—The production of fluorspar in the United States in 1917 was 218,000 tons. Imports in 1918 amounted to 12,572 tons. In 1914 the domestic production was 95,000 tons, and in 1918, 263,000 tons. Aggregate tonnage and costs in 1920 are: Tons, 140,393; costs, \$2,864,442.

Rates suggested.—Witness requests, as a minimum, a duty of \$10 per short ton, this being necessary to neutralize the difference in production costs between the domestic and the foreign article.

Hearings: Pages 1415-1419.

Witness: Mr. Milton A. Edgar, representing the American Clay Producers' Association and others.

Costs and selling prices.—The major difference in the cost of American, as compared with English, china clay lies in the freight rates from the mine to the point of consumption. Rates from southern producing points to consumption points east of Buffalo and Pittsburgh run \$9 a ton. The ocean freight rate to-day is \$2.50 a ton—almost a ballast rate.

Size of industry.—The annual consumption of china clay is about 550,000 tons of 2,000 pounds. Of this, 250,000 tons is domestic and 300,000 tons English. All but about 50,000 tons of the domestic production is produced in the South, while the market for it lies almost

entirely in the North and West; paper mills take about two-thirds of it.

Comparability.—No reference is made to comparability beyond an admission that some mills prefer English clay for paper-making purposes.

Rates suggested.—Six dollars per ton on china clay; a rate of \$4.50 would barely cover cost differences.

In a letter dated August 22, 1921, the witness, as requested, informs the committee that, since 1914, the freight rate on domestic clays has been increased 58½ per cent, whereas the freight on English clay, always a ballast rate, is now lower than it was in 1912. In 1912 the ocean freight rate from England was 8 to 9 shillings, or \$2 to \$2.25 per long ton. In August, 1921, taking exchange at the then rate of exchange, the rate of 10 shillings per long ton amounted to \$1.82.

Hearings: Pages 1403–1415.

Witness: Mr. John Richardson, representing himself and other importers and consumers of china clay.

Costs and selling prices.—The witness stated that arguments of the domestic producers (typified in Mr. Edgar's testimony) center about the difference in freight costs between domestic points of production in the South and points of consumption in Maine. The ocean freight rate this year is 15 shillings, not 10 shillings per ton, as domestic miners claim; moreover, Maine consumes only 50,000 tons of china clay a year. The freight rate to Maine from Georgia is \$9.06, as against an ocean-rail rate of \$5.50. Massachusetts consumes 50,000 tons a year, with freight rates the same as for Maine. New York and New Jersey consume 50,000 tons. The rate from Georgia is \$8.65, the rate from foreign sources being \$8. Pennsylvania, Delaware, Maryland, Virginia, and West Virginia take about 85,000 tons; rates from Georgia are \$7; from England, \$8. Michigan consumes 60,000 tons, with a rate from Georgia of \$7.65 and foreign, \$10. Ohio consumes 60,000 tons; the domestic rate is \$8; foreign, \$10. Wisconsin consumers use domestic china clay exclusively, the rate being \$9, while on the foreign it would be \$12.

Figures furnished by one of the domestic clay producers placed the present cost of production at from \$4.50 to \$5 for crude clay and from \$6 to \$6.50 for washed clay. English china clay production requires more than double the labor that is required in domestic mines and the cost per ton for labor in English clay works is, therefore, higher than the cost per ton in the American mines. English day labor to-day is paid \$15.30 for a 42-hour week. Pieceworkers receive from \$19.50 to \$24.25 per week. Coal is an important item of expense and fuel costs in England are very high at this time. At the present rate of exchange the cheapest grade of English china clay used for paper making can not be marketed at Atlantic seaboard markets for less than \$12 to \$14.50 per ton, and to this must be added the inland freight rate. Present prices on domestic clay range from \$6 to \$7.50 f. o. b. mine on crude clay, and \$8 to \$10 on washed clay. Domestic pulverized clays, quoted at \$12 to \$20 f. o. b. mine, are not competitive, since no pulverized clay is imported.

Size of industry.—British producers have suffered during the past year even more than the domestic. For the first six months of 1920 British exports amounted to 211,633 tons. In 1921, for the same

period, they were only 87,096 tons. Domestic miners testified before the Ways and Means Committee that from 7,000 to 10,000 men were employed in the domestic clay industry at wages from \$2.50 to \$10 per day. These figures, say 10,000 men at \$2.50 per day, working 200 days to a year, give a total yearly wage of \$5,000,000. The total production of china clay in 1919 was estimated at \$1,648,000, showing a larger expenditure for labor than the total value of the finished product.

English miners are receiving 27 cents an hour or practically the same as the \$2.50 a day paid in America.

Comparability.—Domestic clay is satisfactory for use as a filler in cheap paper manufacture and for this use has displaced the foreign article on a price basis. High-grade clay, such as is used for coating paper, is not produced in the United States. For this manufacturers must have English clay. Probably one-half of the supply of English clay imported each year consists of what is known as "high-grade filler and high-grade potting clay"; there are no clays in the United States which can compete on a quality basis. The low-grade filling clay used in the paper manufacturing industry amounts to about one-fourth of the total imports and is the only one with which American clay is in competition.

Rates suggested.—The present rate of \$1.25 per pound on kaolin or china clay should not be advanced, as only a small percentage of the importations are competitive with domestic products. That being so, increased duties would not aid the American miner, since consumers must have the foreign clay in any event.

Remarks.—The witness's testimony was supplemented by a brief, referred to on page 1408, dated August 20, 1921, in behalf of china and earthenware importing interests. Appended to it is a copy of memorandum of statement made at a hearing before the War Industries Board, March 27, 1918, in behalf of book-paper manufacturers in regard to a proposed embargo on the importation of china clay. The documents are summarized as follows:

[Brief.]

It was strongly urged upon the committee that the present duty of \$1.25 per ton on English china clay should not be increased. The material differs essentially from the American product going by the same name. The latter can not be substituted for the former without injury to the product, whether paper or pottery. The two materials are, in fact, largely noncompetitive. An additional duty would be of small or doubtful value to the relatively small American clay industry, while enhancing prices to consumers.

[Appendix.]

It was admitted that in the lower grades of book and printing paper a considerable percentage of American clay can be safely used, but its use for high grades is injurious. The development of southern (United States) clays is insufficient to provide for the needs of the country, and difficulties in regard to railroad transportation were then increasing. As against this, a large proportion of English clays have been brought into this country practically as ballast. A stoppage of English clay imports would entail a large curtailment of available material, with consequent loss of employment to workers, injury to

employers, and hardships to consumers of periodicals and other book papers.

Witness: The Locke Insulator Corporation, Baltimore, Md. (Brief; no appearance at hearings.)

Rates suggested.—No tariff on English clays until such time as American clay miners are prepared to furnish equivalent material.

Remarks.—An increase in the tariff at present would cause manufacturers either to use domestic clays, thereby lowering the quality of their product and jeopardizing the reputation for superiority enjoyed by American electrical porcelain, or require them to maintain the quality at increased cost, with consequent difficulty in continuing the export business taken from German insulator manufacturers.

This corporation now uses English china clay exclusively, although it would greatly prefer to use domestic clays and has tested hundreds of samples. It uses as much domestic ball clay as possible, but in all classes of clays domestic miners have been found unwilling to appreciate the importance of uniformity in grades.

Witness: The Maine Coated Paper Co., Rumford, Me. (Brief; no appearance at hearings.)

Rates suggested.—The brief is a protest against an increase in the duty on English china clay over the present rate of \$1.25 per ton. It is claimed that the duty under H. R. 7456 will not protect any American industry, as there is no domestic product that can be used in place of English china clay in the manufacture of coated papers.

Witness: W. C. Hamilton & Sons, Miquon, Montgomery County, Pa. (Brief; no appearance at hearings.)

Rates suggested.—Any added duty on kaolin will prove an added cost to manufacturers of certain products without affording any protection to the domestic mining industry.

Remarks.—Regardless of the amount of the duty, English clay must be used to a considerable extent in the pottery industry and, except in low-grade papers, exclusively in the paper trade. The characteristics of a good paper clay are absolute cleanliness, freedom from foreign matter, and plasticity. Dirty clay means dirty paper. The most deleterious foreign substance is mica, which is crushed out when the paper comes through the calender rolls, leaving pinholes. English clay producers have through generations of experience learned the art of floating and washing clay far more effectively than can be done in this country. While there are a number of patented fillers (and talc is also used for this purpose), practically all of them tend to dull the edges of the printers' knives.

· PARAGRAPH 207.—CLAY.

WITNESS.

FAVORING HIGHER DUTIES:

The Kentucky Construction & Improvement Co., Mayfield, Ky. (Brief; no appearance at hearings.)

Size of industry.—It is stated that there are enormous deposits of clays suitable for the manufacture of all kinds of ceramic products in the States of Kentucky, Tennessee, Missouri, Mississippi, Georgia, and North Carolina. According to papers published by the Bureau

of Standards, such clays have been successfully used in the production of various articles. Glass melting pots were manufactured from American clays during the war and met every requirement, including the production of optical glass. The use of American plastic clay pots and other refractories would rapidly grow into an enormous industry if the product were placed on a competitive basis with German raw material.

Rates suggested.—A duty of 40 per cent to be placed on ball clays, kaolin, and fire clays.

Remarks.—American ball clays are well suited for steel enamels and are the best that can be had for stoneware glaze. For semiporcelain and porcelain, including electrical porcelain, dinnerware, sanitary ware, and other white lines, American ball clays will meet all requirements, but their production can not go ahead without proper tariff protection.

PARAGRAPH 207.—DIATOMACEOUS EARTH.

WITNESS.

FAVORING PROPOSED OR HIGHER DUTIES:

The Celite Products Co., Los Angeles, Calif. (Brief; no appearance at hearings.)

Costs and selling prices.—The average cost of production at the point of manufacture is approximately \$25 a short ton, whereas the value of the foreign produce, as shown by the import statistics, is only \$10 a ton.

Size of industry.—Prior to 1912 there was in this country only one operating company, producing only 1,000 tons of crude material, used principally for insulation purposes. The Celite Products Co., which was organized in that year, spent almost \$1,000,000 in developing many new uses for the material as a filtering and filling medium in the chemical industries; new methods of preparation were also discovered which have greatly increased its value as a high-temperature heat insulator. Since 1912 other companies have started up, until there are now about 12—3 located in Washington; 2 each in Oregon, California, and Nevada; and 1 each in Maryland, Utah, and New Hampshire.

The total value of diatomaceous-earth plants in the United States is estimated to exceed \$6,000,000. In 1920 the total consumption was in excess of 60,000 tons, valued at more than \$2,000,000. The industry gave employment to about 800 men, consuming supplies and equipment valued at approximately \$800,000. Direct labor constitutes about 60 per cent of the cost of production of the American product.

Rates suggested.—The duty on diatomaceous earth should be increased to 30 per cent ad valorem based on the American value of the foreign product.

Remarks.—The production and manufacture of diatomaceous earth in the United States is a new industry. This mineral, a porous, hydrated silica, is to be found both in the eastern and the western parts of the United States. After quarrying, the crude mineral is processed by exposure to the weather, then reduced and separated in specially designed mills into a fine powder, which is bagged for

shipment. Other products are manufactured by cutting the crude material to shape in a sawmill or by pressing the ground material into block or brick molds and burning at a high temperature.

Diatomaceous earth, or kieselguhr, is produced chiefly in Germany and Canada, but a certain amount comes also from Africa, Japan, Australia, Mexico, and Spain. The German industry is old and well established as regards certain products, but has not as yet been extended into many of the new fields created by the American companies.

Government statistics have grouped diatomaceous earth with tripoli, rottenstone, abrasives, etc., although it is used in industries entirely different from any in which they are used. It differs from them in physical and chemical constitution. Other names which might be recognized in the tariff schedule as more or less synonymous are kieselguhr, infusorial earth, tripolite, and fossil flour.

PARAGRAPH 207.—FULLER'S EARTH.

WITNESS.

FAVORING PROPOSED OR HIGHER DUTIES:

The Floridin Co., Warren, Pa. (Brief; no appearance at hearings.)

Costs and selling prices.—English fuller's earth is offered at New York as low as \$20 per ton f. o. b. dock, and including bags, whereas the average cost to the Floridin Co. for mining and preparing the product last year was \$11.86 per ton. Bags cost \$1.50 per ton and freight from their mines at Quincy and Jamieson, Florida, to New York, by the cheapest route (rail and water) is \$7.07 per ton, a total of \$20.43 per ton laid down in New York, or 43 cents less than the selling price of the English product.

Rates suggested.—An increase in the duty from \$1.75 to \$3 per ton, in order to induce capital to invest in the industry. As there are no factories erected for grinding imported crude fuller's earth, the amount purchased in the crude state is insignificant. It is therefore suggested that the duty on the crude earth should equal that on the manufactured product.

PARAGRAPH 207.—SILICA, CRUDE.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. George F. Pettinos, Philadelphia, Pa., representing the Bridgeton Sand Co. and the Crystal Sand Co., Bridgeton, N. J. (Brief; no appearance at hearings.)

Costs and selling prices.—The sand produced by these companies contains 99.05 per cent silica and is used in the manufacture of glass, silicate of soda, etc. It competes with German sand loaded at Antwerp at a cost of 80 cents to \$1 per 1,000 kilos (36 to 45 cents per ton) and comes to this country as ballast. Arriving in this country, this sand is discharged on lighters and taken to the consumers for from 40 to 50 cents per ton. Shipments of Belgian sand have arrived at Philadelphia, New York, Baltimore, and Norfolk, at an average total cost of \$1.50 per ton, whereas the freight from the domestic plants

to Philadelphia is \$1.54, and to New York and vicinity, \$2.94 per ton.

Rates suggested.—A duty of \$2 a ton on washed silica sand.

PARAGRAPH 207.—GROSS-ALMERODE POT CLAY.

WITNESS.

FAVORING LOWER DUTIES:

The Ohio Valley Clay Co., Steubenville, Ohio. (Brief; no appearance at hearings.)

Comparability.—During the war and until about a year ago, various domestic clays were substituted for the German clay, but glass manufacturers did not get 40 per cent service out of the pots. As soon as German clays were again offered at a reasonable price, one pot manufacturer after another started to use German clays; there is no manufacturer in the business to-day who does not prefer German to any domestic clay he ever used.

Rates suggested.—The proposed duties on gross-almerode glass pot clay would work serious financial injury to every glass-pot manufacturer in the United States using glass melting pots and tank blocks. The provision should be eliminated from the bill.

PARAGRAPH 207.—BAUXITE.

WITNESS.

FAVORING LOWER DUTIES:

The Pennsylvania Salt Manufacturing Co., Philadelphia, Pa. (Brief; no appearance at hearings.)

Rates suggested.—Protest is made against the proposed duty of \$1 per ton on bauxite.

Remarks.—The plant process of this company was constructed at a heavy expense to use high-grade bauxite, as found in France, Italy, etc., and totally unlike that produced in this country, containing as it does 10 to 15 per cent more alumina (the valuable constituent); 5 to 10 per cent less silica (the objectionable impurity); and 20 per cent more iron, which in their case is a desirable constituent.

During the war exigency the firm attempted to use American bauxite in the production of oxide of alumina for use in the manufacture of metallic aluminum, fine abrasives, and various iron-free salts. The yield, however, was poor and costs were so high as to demonstrate the impossibility of such substitution.

PARAGRAPH 208.—MICA.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. W. Vance Brown, representing numerous producers of mica; address, Asheville, N. C.

Mr. J. E. Burleson, representing miners of mica; address, Spruce Pine, N. C.

Mr. B. C. Grindstaff, representing miners of mica; address, Asheville, N. C.

Mr. James L. Frazee, miner and manufacturer of mica, New York City.

FAVORING LOWER DUTIES:

Mr. James I. Brereton, representing the Columbia Graphophone Manufacturing Co.

Mr. Marion Dorian, representing the Columbia Graphophone Manufacturing Co., Bridgeport, Conn.

The Columbia Graphophone Manufacturing Co. (Brief.)

REQUESTING MODIFICATIONS:

The Rogers-Pyatt Shellac Co., New York City.

REQUESTING RECLASSIFICATION:

Mr. Charles P. Storrs, representing the Storrs Mica Co. and other manufacturers; address, Oswego, N. Y.

Mr. Lewis McCarthy, representing the Macallen Co. and 15 other manufacturers, miners, and dealers in mica.

Mr. C. W. Jefferson, representing the Mica Insulator Co., New York City.

The Asheville Mica Co., Biltmore, N. C. (Brief.)

Fourteen manufacturers, dealers, and miners in mica. (Brief; no appearance at hearings.)

Hearings: Pages 1451-1455.

Witness: Mr. W. Vance Brown, representing numerous producers of mica.

Costs and selling prices.—Wages in India range from 3 to 23 cents per day, applying to 65 per cent of the world's production. While users are sometimes prejudiced in favor of the product of one country or another, they are all very similar. The United States production averages more of the low quality than of the finer, because the fine qualities are usually in hard rock or at deeper levels, requiring large capital and more extensive mining.

Size of industry.—Of the total amount of mica consumed in the United States, imported mica furnishes 65 per cent and the domestic 35 per cent. In 1919 the figures were 75 per cent and 25 per cent.

Rates suggested.—

Unmanufactured or rough-trimmed mica and splittings, 25 cents per pound and 50 per cent ad valorem.

Cut, stamped, or trimmed and built-up mica, and manufactures of mica, 50 cents per pound and 50 per cent ad valorem.

Photographic diaphragms, 10 cents each and 50 per cent ad valorem.

Crude, raw, scrap, or refuse, 1 cent per pound and 50 per cent ad valorem.

Ground, flake, or dust, 2 cents per pound and 50 per cent ad valorem.

Remarks.—Mr. Brown's brief includes a letter from the American Mining Congress and the Southern Tariff Association indorsing his claims, also a letter from the American consul at Calcutta giving wages at Indian mica mines.

Hearings: Pages 1455-1459.

Witness: Mr. J. E. Burleson, representing miners of mica.

Costs and selling prices.—Wages in the South to-day are about \$3 a day, as compared with \$1.50 before the war.

Size of industry.—In addition to the fields developed at present, several counties in Georgia are very rich in mica. Witness had opened up about six mines there. The United States can supply all domestic needs under adequate protection.

Rates suggested.—Same as requested by Mr. W. Vance Brown. This, the witness stated, "will not protect us, but it will probably put us on our feet so we can operate." In a letter to the committee, dated September 9, 1921, the witness asks for "10 cents per pound specific on all unmanufactured or rough-trimmed mica and 30 per cent ad valorem."

In a letter addressed to the committee, the witness's company (the J. E. Burselson Mica Co.) refers to a letter dated March 8, 1921, from the American consul at Calcutta, India, to the Asheville Mica Co., of Biltmore, N. C. The letter gives the wages paid by one firm in India for mining and preparing mica, exchange being assumed at par.

Mining:	Per day.
Carpenters and fitters.....	\$0.18-\$0.23
Men coolies	.09- .12
Women coolies	.05- .09
Boy coolies	.03- .09
Preparation:	
Cutters	.07- .14
Splitters	.04- .09
Sorters	.09- .18

In addition to this Indian labor, they employ Anglo-Indians as assistants at the mines, at salaries ranging from 60 to 200 rupees per month.

Another firm states that "their labor receives a maximum of 8 annas per day."

Hearings: Pages 1459-1460.

Witness: Mr. B. C. Grindstaff, representing miners of mica.

- *Remarks.*—Witness explained that, following a conference between miners and manufacturers, it had been agreed to substitute the rates proposed in a letter of August 19, 1921, on pages 1454-1455.

Mica unmanufactured or rough trimmed only, valued at not above 30 cents per pound.....	10 cents per pound plus 30 per cent ad valorem.
Above 30 cents per pound.....	30 per cent ad valorem.
Cut, stamped, and punched mica.....	20 cents per pound plus 60 per cent ad valorem.
Mica splittings.....	30 per cent.
Built-up mica and all manufactures of mica.....	60 per cent.
Mica diaphragms.....	10 cents each plus 60 per cent.
Crude, raw scrap, and refuse fit only for grinding.....	2 cents per pound.
Ground, flake, or dust mica.....	4 cents per pound.

- (Brief signed by T. E. Burselson, Tar Heel Mica Co., D. F. Vance, Asheville Mica Co., B. C. Grindstaff.)

Hearings: Pages 1448-1451.

Witness: Mr. James L. Frazee, representing miners and manufacturers of mica.

Comparability.—American mica is found in all grades, and can be used for all purposes for which the Indian mica is satisfactory.

Rates suggested.—Mica in sheets, valued at up to 30 cents, 10 cents per pound; all valued above that, 30 per cent ad valorem.

Witness bases his argument on the fact that under present conditions domestic miners can not afford to trim and grade the product, and thus obtain maximum returns for their work; they are able to receive but little or no return for the small sizes and scrap. A duty as proposed would permit the miner to grade his product and sell it for the maximum returns. Witness produced a specimen of crude North Carolina mica from which he had obtained a large number of parts trimmed to specified sizes and valued all the way from 30 cents to \$7 per pound. The crude, unclassified material is valued at 50 cents per pound.

Hearings: Pages 1460-1463.

Witness: Mr. James I. Brereton, representing the Columbia Graphophone Manufacturing Co.

Costs and selling prices.—Witness quoted from Ways and Means Committee hearings, page 551, Part I, Schedule I, statements of domestic mica diaphragm manufacturers to the effect that diaphragms $2\frac{5}{8}$ inches in diameter cost them 20 cents each. The witness's best quotation from foreign manufacturers was 27.8 cents per diaphragm, laid down in New York. No deliveries were made, and the order was canceled. Domestic manufacturers at this time quoted 27 cents, or 0.8 cents per diaphragm below the foreign manufacturer.

Size of industry.—Witness maintained that the production of high-grade mica in the United States is not and can never be sufficient to supply the domestic demand for this quality of product.

Comparability.—Domestic mica is variable in quality, and only a very small proportion of the domestic production is suitable for the manufacture of diaphragms; the balance contains flaws such as bubbles, waves, etc., which render the material unfit for such use. Where domestic mica is free from these defects it is just as suitable for diaphragms as the foreign. Witness quotes from the brief of diaphragm manufacturers, page 556 of Ways and Means Committee hearings, to the effect that the output of domestic mines is entirely inadequate for supplying demands of the home industry for diaphragms.

Rates suggested.—The duty should not be greater than under the Underwood-Simmons Act. The rate proposed by the mica manufacturers, 10 cents specific duty and 60 per cent ad valorem, would mean an addition of 22 cents to the stated cost of 20 cents, or a protection of 110 per cent. Under duties as high as this the Government would obtain no additional revenue, because the mica would be imported in the rough and manufactured here. Domestic manufacturers would add this duty to the present cost. They are now, as shown, in a position to compete favorably with foreign manufacturers.

Hearings: Pages 1463-1468.

Witness: Mr. Marion Dorian, representing the Columbia Graphophone Manufacturing Co.

Size of industry.—The witness quoted Mr. Storrs to the effect that domestic mica is entirely unsatisfactory for the manufacture of diaphragms. The raw material is supplied from India, Argentina, and Brazil. Indian is the best. Quoting from the Geological Survey, witness stated that the development of American mica mines had been insignificant even under war conditions; he quoted further from a statement of Mr. Herbert Smith, of the American Mining Congress, that lack of development may be due to the fact that American miners do not use sufficient care in selecting, grading, and trimming their product. He had never been able to obtain domestic mica in sufficient quantities to meet the demands.

Comparability.—Witness agrees with Mr. Brereton that domestic mica is entirely unsuitable for use in diaphragms and that the foreign product must be imported to supply the demand.

Rates suggested.—The rates proposed by the manufacturers and miners are out of all bounds of reason; the one certain result would be that the Government would get no revenue whatever from this source.

Remarks.—The witness was granted the privilege of filing a brief (see page 1468) drawing attention to the purchase by the Columbia Graphophone Manufacturing Co., in 1920, of over 1,000,000 phonograph diaphragms, made by American manufacturers from imported mica.

Hearings: Pages 1465–1468.

Witness: The Columbia Graphophone Manufacturing Co. (Brief.)

Costs and selling prices.—Same as given in testimony by the company's witnesses. Domestic mica sells, grade by grade, at lower prices than the foreign.

Size of industry.—It is cited that Mr. Storrs, Mr. Smith, of the American Mining Congress, the United States Geological Survey, and diaphragm manufacturers all conceded, when before the House committee, that mica mining was not stimulated to any extent by war prices.

Comparability.—The brief cites the testimony of Mr. Storrs and Mr. Frazee before the Ways and Means Committee to the effect that domestic mica is not suitable for many purposes. The high duties now requested by these gentlemen are the result of conference with miners, and the consumer is left to shift for himself.

Rates suggested.—The same as imposed under the Underwood-Simmons Act, it being absolutely necessary to import mica. Additional duties would not benefit producers, but would place hardships on consumers; importations would be curtailed and the Government would be a large loser of revenue.

Hearings: Pages 1426–1430.

Witness: Mr. Charles P. Storrs.

Size of industry.—Insufficient to supply domestic demand in all desired qualities.

Rates suggested.—

	Per cent ad valorem.
Unmanufactured mica.....	17
Mica splittings.....	19
Mica, cut or punched, etc.....	34
Ground mica.....	20

Remarks.—Seventeen per cent on unmanufactured mica, American valuation, works out a little higher than 25 per cent on foreign valuation, and 20 per cent (American valuation) on splittings a little higher than 30 per cent (foreign valuation). Splittings are raw material for the mica-board manufacturers. Sixty per cent of rough mica used must be imported. The duty on manufactured mica should be double that on the crude product to give ample protection.

Hearings: Pages 1431–1438.

Witness: Mr. Lewis McCarthy, representing the Macallen Co. and 15 other manufacturers, miners, and dealers in mica.

Costs and selling prices.—No reference except that, the price of rough mica plates varying directly with the size and quality, the proposed 4 cents per pound specific duty on mica plates may amount to as high as 40 per cent ad valorem and on other grades might be negligible.

Size of industry.—The mine production is insufficient and unsuitable for supplying the domestic demand. Exact figures of number

of mines are not available. Witness estimates that several thousand persons are employed in the mica industry, mostly in the manufacturing end. Fifteen mica manufacturers represent 85 or 90 per cent of the total production of manufactured products.

Comparability.—Mica splittings, which constitute at least 80 per cent of all imported manufactures of mica, are not produced in the United States because the grade of labor necessary is not available here. In electrical work Canadian mica is absolutely necessary for some uses while there is some work for which the Indian or American mica is suitable.

Rates suggested.—Mica valued at not more than 15 cents per pound, 6 cents per pound; valued above 15 cents per pound, 30 per cent ad valorem; mica splittings, 30 per cent ad valorem; mica plates and built-up mica and all manufactures of mica, 60 per cent ad valorem; ground mica, 25 per cent ad valorem. The exact rates decided upon do not interest the manufacturer except that the rate on manufactures of mica should be double that on splittings and unmanufactured mica.

Remarks.—In the Underwood-Simmons tariff and in the proposed bill no differential is provided between mica splittings, which are raw material, and manufactures of mica made from this product. Competition comes from Germany and Japan and the Indian producers have signified their intention of manufacturing mica near the centers of production. Thirty per cent of the raw mica used in this country is imported. The bulk is used for built-up mica products; that is to say, plates composed of mica films (splittings) cemented together and built up under pressure to any thickness desired. The duty on mica manufactures under the Underwood tariff is not sufficient to protect the industry, but no competition was felt because the war cut off importation.

Hearings: Pages 1438-1448.

Witness: Mr. C. W. Jefferson, representing the Mica Insulator Co., New York City.

Costs and selling prices.—The character of the labor required, rather than the wages paid, necessitates the manufacture of splittings in India. American labor is not adapted to this tedious, patient hand operation, and no satisfactory machine for splitting mica has been developed. Indian labor is "one-fifth of the price of the poorly paid labor in Canada." Domestic mica is produced in many cases by farmers who mine small amounts during their spare time. In the mica manufacturing establishments the wages paid to girls and women average about \$20 a week, and to men from \$30 to \$40 a week. Wages constitute one-half the value of manufactured mica articles.

Size of industry.—The mica industry in the United States, including mining and manufacturing, employs from 4,000 to 5,000 men. The value of the manufactured article is approximately \$4,000,000. The Mica Insulator Co. is capitalized at \$125,000 and has an investment of about \$600,000. It has paid, and is paying, 12 per cent on the capital stock. The United States consumes 72 per cent of the world's production of mica. India, the United States, and Canada supply 98 per cent of the production of sheet mica. Sheet mica production in the United States in 1917 amounted to 1,276,533 pounds,

valued at \$753,874. About 50 per cent of the mica consumed in this country is imported from abroad.

Comparability.—The Mica Insulator Co. has been unable to obtain mica splittings of domestic manufacture. Some splittings have been obtained from Canada but the grade is not as uniform as that obtained from India.

Rates suggested.—Witness favors eliminating the specific rates and making the duty on manufactures of mica double that on crude mica or mica splittings.

Witness: The Asheville Mica Co., Biltmore, N. C. (Brief; no appearance at hearings.)

The brief refers to a communication from the United States customs service, in which the company is informed that mica refuse, or scrap, fit only for grinding purposes, is dutiable as waste, not specially provided for. Under H. R. 7456 it would be similarly dutiable, and the company requests that mica waste be specially provided for in the paragraph pertaining to mica. The material is now dealt with in paragraph 1456 of the bill.

Witnesses: Fourteen manufacturers, dealers, and miners of mica. (Brief; no appearance at hearings.)

Rates suggested.—Mica valued at not above 15 cents per pound, 6 cents per pound; valued at above 15 cents per pound, 30 per centum ad valorem; mica splittings, 30 per centum ad valorem; mica plates, and built-up mica and all manufactures of mica, or of which mica is the component material of chief value, 60 per centum ad valorem; ground mica, 25 per centum ad valorem. These rates would give more revenue to the Government and more protection to the American manufacturer and miner than the rates in the bill.

Mica splittings are the raw material from which manufactures of mica are produced. An equal duty on the raw material and the finished product is inequitable, and does not give protection to the manufacturers; it would be impossible for producers of the finished products to compete with the foreign product under these conditions.

PARAGRAPH 208.—MANUFACTURED MICA.

WITNESSES.

FAVORING LOWER DUTIES:

The Victor Talking Machine Co., Camden, N. J. (Brief.)

REQUESTING RECLASSIFICATION:

The Rogers-Pyatt Shellac Co., New York City. (Brief.)

Witness: The Victor Talking Machine Co. (Brief; no appearance at hearings.)

The company is a large consumer of mica for diaphragms for talking machines.

Costs and selling prices.—During the war period, when the foreign market was closed to the American consumer, the prices of domestic mica diaphragms for talking machines ranged from 40 to 90 cents each, according to size. Now that the foreign market is again open, prices are from 10 to 30 cents each, even these lower levels being three times the lowest pre-war prices.

Under the present tariff, the company finds that the prices paid during a number of years for imported mica diaphragms, plus the duties, have averaged the same as those quoted by American manufacturers. At the present time, however, the company has a running contract with an American maker at a price, irrespective of duty, equal to that named in its contracts with foreign makers. With the amount of duty added the foreign manufacturers' prices are considerably higher than the American.

If the proposed duty is enacted, it will so increase the price of imported mica diaphragms that importation will cease. If the American makers should take advantage of the opportunity thus afforded to increase prices, the use of mica for diaphragms for talking machines will be discarded in favor of substitutes. Such an increase in the price of domestic diaphragms is to be expected in view of past experience.

Comparability.—Years of experience have taught this company that satisfactory diaphragms can not be made from domestic mica.

Rates suggested.—The existing rates are equitable and offer sufficient protection to the domestic manufacturer.

Remarks.—The Victor Talking Machine Co. initiated the manufacture of mica diaphragms in the United States, and the first satisfactory domestic product made was for its orders.

Witness: The Rogers-Pyatt Shellac Co., New York City, requesting modifications. (Brief; no appearance at hearings.)

Size of industry.—There are not more than 15 mica mines in the United States. Some of these are abandoned, as no good mica could be produced. The great bulk of so-called mica miners are southern farmers who have a patch of mica on their farms, from which they dig a few pounds at their leisure and sell to the large jobbers, such as the Asheville Mica Co. The small amount of suitable mica produced in this country is negligible.

Comparability.—The quality of mica produced in this country is unsuitable for at least 75 per cent of the requirements of the largest manufacturers. Most of the domestic mica is suitable only for grinding and for small-size washers and disks. The company has placed orders at one time for 2,000 cases of mica splittings, which could not be produced in the United States in years, and then would be of inferior quality.

Rates suggested.—Manufactured mica should be protected by an increased duty, which, except as regards mica splittings, should be double the rate on uncut mica and mica splittings. An increase on raw mica and mica splittings would prevent American manufacturers from competing in export trade.

Remarks.—The mica committee that appeared at Washington did not represent the industry, as the Rogers-Pyatt Co., one of the largest importers, was not represented, and it is not thought that others of the largest importers were authoritatively represented, among these being the Westinghouse Electric & Manufacturing Co. and the General Electric Co.

The brief is in the form of a letter addressed to the Senate Committee on Finance, covering copy of a letter to United States appraisers' stores, New York City.

PARAGRAPH 209.—TALC AND SOAPSTONE.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. W. C. Boswell, representing the Talc and Soapstone Producers' Association of America; address, Baltimore, Md.

Mr. Michael Doyle, representing the International Pulp Co., address, Gouverneur, N. Y.

FAVORING LOWER DUTIES:

Mr. R. N. Lockwood, representing the Talcum Puff Co., Brooklyn, N. Y.

L. A. Salomon & Bro., New York City. (Brief.)

Hearings: Pages 1468-1472.

Witness: Mr. W. C. Boswell, representing the Talc and Soapstone Producers' Association of America.

Costs and selling prices.—Chinese massive talc can be delivered at the ports of Newchwang or Darien for \$9 per ton in sacks or \$7.25 in bulk. Against this, domestic high-grade material costs \$20 a ton to cut out. Cut into cakes, the production cost is \$40 per ton; into small blocks, \$100 per ton.

Size of industry.—The total consumption of massive talc in the United States is 1,500 tons per year. The production of all forms of talc, including pulverized material, was 186,000 tons in 1915 and 218,000 tons in 1917. There were 33 producing mines scattered over Maryland, Virginia, North Carolina, Georgia, Vermont, and California.

Comparability.—Foreign material is comparable to the domestic in every way.

Rates suggested.—The rates in paragraph 209, House bill 7456, are just one-half what is required to operate against the imported material; they should not be reduced, and American valuation should be used on all imports.

Hearings: Pages 1475-1481.

Witness: Mr. Michael Doyle, representing the International Pulp Co.

Costs and selling prices.—Labor in the American mills to-day ranges from \$4 to \$5, and before the war was from \$2 to \$3.50 per day for 8 hours' work. European wages are \$1.80 to \$3 per day, and Japanese 33½ cents per day, with 16½ cents for women, for 11 hours' work. Freight charges on talc from northern New York to seaboard points are 35 cents per 100 pounds; the rates for goods from abroad are only one-third of this. Foreign material shipments as ballast are a menace and injury to the American manufacturer. Thus, importations of French talc valued abroad at from \$5.82 to \$4.37 per ton have been made when worth in this market \$20 to \$40 a ton. Duty levied on American valuation would give greater protection and yield increased revenue to the Government.

Size of industry.—Production of talc in 1918 was 191,477 tons, valued at \$2,089,960. There were 30 producers, employing about 2,500 persons. The number of employees in the industry using talc and soapstone is in excess of a quarter of a million. Talc is used in the paper, paint, rubber, refining, textile, linoleum, and other industries. Investment in the business is \$8,000,000. In 1920, domestic production amounted to 220,000 tons, and imports to 24,000 tons.

Comparability.—New deposits in eastern United States and in California are able to produce qualities of talc equal to the best made abroad and entirely satisfactory for all the requirements of the trade in the United States.

Rates suggested.—

Crude talc-----	½ cent per pound.
Ground, washed, powdered, or pulverized-----	1 cent per pound.
Talc, cut or sawed, in blocks, etc-----	2 cents per pound.
Manufactures of talc:	
When not decorated-----	50 per cent.
When decorated-----	60 per cent.

These rates are designed to equalize differences in labor cost and transportation.

Hearings: Pages 1472-1475.

Witness: Mr. R. N. Lockwood, representing the Talcum Puff Co.

Costs and selling prices.—The cost of high-grade powdered talc for toilet use is \$20 per ton at the mine. The selling price of talc for toilet preparations is \$20 per ton at the mine, either in Canada or in North Carolina.

Size of industry.—Manufacturers of toilet preparations require a particularly high-grade powdered talc of exceptionally white color and possessing a degree of "slip" which is difficult to obtain in the domestic product. Witness knows of only one deposit in North Carolina which is suitable, and this would be used but for difficulties in production; the supply is not sure.

Comparability.—Toilet talc is entirely different from the ordinary grades of talc used as fillers for paper and for other general purposes. While it is true that the domestic supply of ordinary grades is sufficient to supply ordinary demands, there is an insufficient domestic supply of the high grades such as the witness requires in his business.

Rates suggested.—Not materially different from 15 per cent ad valorem on powdered talc, on the ground that powdered talc suitable for toilet use is not produced in sufficient quantities in the United States. Different classifications are suggested.

Witness: L. A. Salomon & Bro., New York City. (Brief; no appearance at hearings.)

Costs and selling prices.—The brief includes an extract from a letter of January 18, 1921, from George H. Gillespie & Co., Madoc, Ontario, the largest producers of Canadian talc, stating that the minimum wages paid in Canada are \$5 per day per 8-hour day in mines and \$4.65 per 10-hour day in mills. The letter points out that, according to a witness before the Ways and Means Committee, American wages per day, number of hours not stated, were \$5 underground and \$4 in mills. Hence, Canadian wages at that time were actually higher than those paid by that witness and probably higher than those generally paid in the talc industry in the United States. The letter gives the average cost of producing a ton of Canadian talc in 1920, according to the Gillespie Co.'s books, as \$12. Canadian costs are high, since plant machinery costs more there than in the United States, from which most of it is imported, and the severe Canadian climate also adds to the cost of production. During 1920 the fair market values f. o. b. Madoc, Ontario, including bags, were,

AA1-F, \$22 per ton; No. 1 grade, \$16.50 per ton; "S" grade, \$12 per ton, whereas the average value of the American product was \$10.75 per ton, or less than the cost of production in Canada. Canadian talc is usually sold in United States currency and is so entered for customs purposes. Of the lowest grade only about 1,000 tons per annum are exported to the United States.

Size of industry.—Vermont is the largest talc-producing State, the output amounting, in 1920, to more than 90,000 tons. The industry in California is comparatively new and has made steady progress in recent years, indicating that the industry is amply protected and able to take care of itself. In 1918, the latest year for which statistics are available, the production in California amounted to 10,364 tons, or about 150 per cent more than in 1917, when the production was only 4,152 tons.

Comparability.—American talc production can be divided into four distinct classes, namely: (1) The talc produced in New York State (Gouverneur), which is an asbestiform mineral often known as asbestine; (2) Vermont talc; (3) talc produced in the Southern States; and (4) Californian talc. The New York talc is fibrous and has not the slippery feeling characteristic of the crystalline grades; it is used principally as a filler for paper. Prior to the war large quantities of this material were shipped to Europe. It is not suited for toilet purposes.

The Vermont product is inferior in color, although possessing a fair amount of slipperiness. It is extensively used as a filler for paper, textiles, paints, rubber, etc., and also for roofing purposes. It is not white enough to find extensive use in toilet preparations. The only talc imported which competes in any way with that produced in Vermont is No. 2 French talc, but the importation of the latter in 1920 amounted to only about 1,500 tons. Except possibly at points near the seaboard, imported talc does not compete with Vermont talc.

Southern talc as produced in Virginia, North Carolina, Georgia, Maryland, and Pennsylvania is of miscellaneous character. A large portion is sold in the form of powdered soapstone for use in foundries and for all purposes for which foreign talc does not compete. Considerable quantities are also worked up into slabs for washtubs, insulation, and similar purposes.

Most of the Californian talc is of fair quality and, though inferior to the best imported talc, answers the requirements of many manufacturers of toilet preparations. Practically all of the foreign talc that comes into this market is of superior quality and supplements the American production. It differs in both chemical and physical properties.

Remarks.—In the last two years imports have averaged between 15,000 and 20,000 tons annually, of which Canada furnished about one-half, the remainder coming from Italy and France. The latter country furnished about 2,000 tons. The total importations of talc amount to less than 10 per cent of the total production in the United States.

Rates suggested.—A reduction in the proposed duty from one-half a cent per pound to 20 per cent ad valorem. It is pointed out that the specific rate works an especial hardship upon the cheaper grades of talc, as for example, second-quality Canadian talc which,

under the present duty (act of 1913) of 15 per cent, pays \$2.31 per thousand kilos, would pay \$11.02 under H. R. 7456. In the case of the high-grade Italian talc, the duty upon which is now \$5.70, the increase under the Fordney bill would not be quite so serious. While, on general principles, the writers of the brief favor specific rates of duty, they can not see how such a rate can be fairly applied except upon a graded scale based on the different types of talc.

PARAGRAPH 211.—GRAPHITE.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

- Mr. Herbert B. Johnson, representing the Southwestern Graphite Co.
- Mr. George A. Sharpe, representing Alabama graphite producers.
- Mr. Floyd Weed, representing graphite producers; address, Birmingham, Ala.
- Mr. T. H. Aldrich, Birmingham, Ala. (Brief.)

FAVORING LOWER DUTIES:

- Mr. George F. Pettinos, representing himself, importer of graphite; address, Philadelphia, Pa.
- Mr. Charles E. Kern, representing crucible manufacturers.
- Mr. H. M. Riddle, representing manufacturers of graphite for foundry facings, stove polishes, and other purposes; address, Asbury, N. J.
- Mr. L. S. Brown, representing the Springfield Facing Co., Springfield, Mass.
- Mr. Earl J. Davis, representing United States Graphite Co.

Hearings: Pages 1486-1513.

Witness: Mr. Herbert B. Johnson, representing the Southwestern Graphite Co.

Costs and selling prices.—American graphite deposits, although widespread occurrences, are low in grade, that is to say, the percentage of graphite in the rock mined is comparatively small (6 to 8 per cent). In Ceylon and Madagascar, graphite occurs in large veins of comparatively pure mineral, so that shipping grades can be sorted by hand at very small expense—wages of 60 or 70 cents per week. American producers, on the other hand, must install expensive mining, excavating, and concentrating machinery, in order that they may handle the larger tonnage involved at a unit cost permitting them to obtain the maximum efficiency. American ore contains only 70 to 80 pounds per ton, while in Ceylon and Madagascar 600 to 700 pounds per ton is by no means uncommon. Simple hand sorting in Ceylon and Madagascar brings their graphite into the same state as the American graphite after mining, milling, and refining operations requiring plants costing from \$175,000 to \$250,000 for an average production and employing both skilled and common labor. Graphite costs average, in the more efficient plants to-day, about 4 cents per pound, whereas the imported product is being dumped on the market for 2 cents. Average American costs may be divided as follows, per ton of ore mined, containing 54 pounds of recoverable graphite: Mining, \$1.20; milling, \$1.10; refining, \$0.90; a total of \$3.20 for 52 pounds, or 5.92 cents per pound. Add to this freight and handling charges of 1½ cents per pound and taxes and other overhead charges of 1.34 cents per pound, and the total cost per pound of graphite becomes 8.76 cents.

The following table shows the serious handicap on American production in the item of labor:

Comparison of labor costs per week.

	United States.	England.	Japan.	Germany.	Ceylon.	Madagascar.
Process men.....	\$31.03	\$18.17	\$4.90	\$6.34	\$1.98	\$3.98
Common labor.....	18.15	13.32	4.50	5.52	0.60-70	1.40

Domestic manufacturers had to contend, in addition, with high freight rates. Statistics show that while the freight rate from Alabama to New York is \$15 the rate from Ceylon to New York is only \$7.14.

Witness claims that Ceylon graphite commands a premium for crucible manufacturing owing to the belief on the part of American consumers that it is the best for this use. American manufacturers to-day are holding out for 4 cents or better per pound on flake, whereas the Madagascar material is being landed for 2 cents per pound. Prewar prices were in the neighborhood of 3 cents per pound and during the war foreign graphite sold as high as 30 cents per pound.

Size of industry.—The American graphite industry was practically undeveloped before the war, although large deposits of ore were known to exist. During the war, when it became difficult to import Ceylon and Madagascar graphite, American deposits were developed and a large part of the domestic demand was supplied from American sources. Witness claimed that, given proper protection, American producers can supply a product suitable for every use to which graphite is put.

Comparability.—Consumers claim that American graphite is unsuitable for use in the manufacture of crucibles; in opposition to this the witness cites a test made by Dr. Stull, of Columbus, Ohio, which showed that crucibles made from Alabama graphite gave a total of 21 heats before failure, whereas the Ceylon gave only 7½ heats. He also submitted a letter from the Electric Refractories Corporation to the effect that crucibles made from American graphite were averaging 85 heats and individual records of 148 heats had been made. Witness states that a large part of the difficulty experienced when the American graphite was first substituted for the Ceylon variety was due to the war cutting off our supply of Bavarian bonding clay and that the substituted American product was inferior and resulted in the failure which attended the early experiments. (See "Remarks.")

Rates suggested.—Rates ranging from 1 to 2 cents per pound on graphite ores, 3 cents per pound on lump and chip graphite, and 6 cents per pound on refined graphite. The duties to be in no case less than 35 per cent ad valorem.

Remarks.—Numerous schedules of prices, freight rates, wages, and other data were given in the testimony and accompanying documents.

Hearings: Pages 1522-1526.

Witness: Mr. G. A. Sharpe, representing Alabama graphite producers.

Costs and selling prices.—No data regarding production costs. A duty on crude graphite would not materially increase the cost of crucibles. A No. 70 crucible, costing to-day \$4.90 and containing 17 pounds of graphite, would cost \$1.02 additional if a 6 cents per pound duty were imposed. This crucible will stand, if made from Ceylon graphite, not more than 30 heats. If made of American graphite, an average of 85 heats may be safely taken.

Size of industry.—At the call of the Government during the war, producers in Alabama, where 90 per cent of American graphite deposits are located, greatly expanded production. Two months after the armistice was signed the embargo against the importation of foreign graphite was removed and in the demoralized market which followed every graphite plant in Alabama shut down and a great many of them were forced into bankruptcy. These plants can not be reopened under present unprotected conditions. At the end of the war the investment in graphite mills in Alabama was between \$4,000,000 and \$5,000,000 and the producing capacity had risen to over 15,000 tons a year.

Comparability.—The witness contradicted statements made by crucible producers that domestic graphite is unsuited to crucible manufacture. He stated that the Electro Refractories Corporation, of Buffalo, N. Y., had produced crucibles made entirely of Alabama flake graphite and having an average life of 85 heats. Witness maintained that under these conditions the crucible cost per pound of metal produced is much less when Alabama crucibles are used than when the metal is produced in crucibles made from Ceylon graphite. He cited figures showing that an American graphite crucible taking a total of 85 heats will produce 7,650 pounds of melted metal. This crucible is selling to-day for \$4.90 and would cost \$5.92 with the full suggested tariff of 6 cents per pound added to the cost of the graphite content. The cost of metal when American graphite crucibles are used is, therefore, 0.08 cents per pound of metal melted. When Ceylon graphite crucibles are used, the product during the life of a crucible is only 2,700 pounds of metal, equal to 0.18 cents per pound of metal melted, the cost of a Ceylon crucible being taken as \$4.90, as at present. Witness stated further, that the Jonathan Bartley Crucible Co. asserted, and advertised the fact to the American public, that a crucible made of American graphite mixed with American clay was superior to any other crucible. The Japanese have been selling in the Birmingham market crucibles made from flake graphite, similar to the Alabama flake, for from 1 cent to 1½ cents per number below the factory price of American crucibles made from Ceylon graphite. The Japanese crucibles stand an average of 50 per cent more heat than do those made from the Ceylon material.

Rates suggested.—

	Cents per pound.
Graphite ores, containing 50 per cent or less graphite.....	1
Graphite ores, containing over 50 per cent graphite.....	2
Lump or chip, crystalline graphite.....	3
Flake crystalline graphite.....	6
Manufactures of graphite.....	15

¹ Of contained graphite in addition to other duties.

Remarks.—Under date of December 13, 1921, Mr. Sharpe calls attention to certain statements made by importers and manufacturers of graphite products. His letter, written as president of the Graphite Producers' Association of Alabama, is summarized herewith.

The duty of 6 cents per pound on crystalline flake graphite, asked for by American producers, is to be applied to the most abundant and important kind of graphite found in the United States and conceded to be the world's best for lubricating purposes. While the desired rate of 5 cents per pound on manufactured graphite does not specially interest the American producer he does not object to it provided his own protection is assured.

Mr. Sharpe does not agree with Mr. F. Weed's assertion that an admixture of imported graphite may be used to advantage in the manufacture of large-size crucibles—an assertion not borne out by practical results. In any case, Mr. Weed's reference is to Ceylon lump and chip graphite, not to flake. The last named, mixed with American clay, makes the best crucible of any size.

Mr. Sharpe is unable to reconcile Mr. G. F. Pettinos's disclaimer of financial interest in any foreign graphite field with other utterances in this connection, notably an advertisement referring to his investment in Ceylon, on page 697 of McRae's Blue Book for 1921.

The letter recites the testimony in regard to the use of flake graphite by foreign crucible makers, American experience in the same field, and the remedying of early troubles by more careful methods, with a resulting possibility of tripling the life of a crucible and a setback for the electric furnace.

As regards the alleged monopolist position of the Quenelda Graphite Co., that concern has been bankrupt since before the date of the hearing at which Mr. C. E. Kern referred to it. Other graphite producers in the United States are in the same unfortunate situation at this time.

Touching amorphous graphite, there are very extensive American deposits of this product, of excellent quality. A proper protection of this material will benefit the consumer, because competition between flake and amorphous will safeguard the price.

Writing on December 20, 1921, Mr. Sharpe directs the attention of the committee to a memorandum recently prepared for Mr. H. Foster Bain, Director, United States Bureau of Mines. In that document, Mr. R. T. Stull, of said bureau, details the nature of the tests already referred to in Mr. Herbert B. Johnson's testimony, following investigations on various physical factors entering into the use of graphite for crucible purposes.

The memorandum notes the influence of the war in promoting the use of American graphite and bond clay for the respective Ceylon and Klingenberg materials. The primary result of tests applied, by the ceramic station of the bureau, to a large number of domestic clays was to leave 21 for further investigation. This included the determination of a standard crucible composition, both for brass and steel melting, the manufacture of such crucibles in a regular crucible factory, and trials under commercial conditions. It was proved that 2 American clays were superior to Klingenberg for brass melting and 13 for steel melting. Canadian graphite was shown to be inferior to Ceylon for brass melting, while Alabama flake, sub-

stituted for Ceylon, gave a longer life to the crucible. No advantage was found to accrue from converting the Alabama flake into granular form by coking.

While the tests on American graphite used in steel melting crucibles are not yet completed, it has been proved that American bond clays can be substituted with benefit for Klingenberg for both brass and steel melting and that Alabama flake graphite can be substituted with benefit for Ceylon in brass melting.

Hearings: Pages 1530-1532.

Witness: Mr. F. Weed, representing graphite producers.

Costs and selling prices.—Prices of graphite in the forms used by manufacturers are now in some instances less than one-half the lowest prices ever known in the industry. The present price of imported lump graphite is $3\frac{1}{2}$ cents per pound. Prewar prices averaged 7 cents. Madagascar graphite, selling to-day for 2 cents, sold prewar for 6 to 7 cents.

War embargoes have had the effect of piling up large stores abroad, which are being marketed regardless of cost. The cost of graphite to the public was exemplified by these figures:

A box of flake graphite selling for 75 cents contains 5 cents worth of graphite.

A box of amorphous graphite selling for 40 cents contains 2 cents worth of graphite.

A gallon of graphite paint selling for \$2.50 contains 6 cents worth of graphite.

A box of graphite grease selling for 15 cents contains one-half cent worth of graphite.

A package of pencils selling for 15 cents contains one-tenth cent worth of graphite.

Size of industry.—Sufficient for domestic needs.

Comparability.—Most of the trouble experienced during the war when using domestic graphite in crucibles was due to the substitution of inferior clays for the Bavaria variety. Difficulties about flaking and cracking were overcome at the Portsmouth Navy Yard after a week's study by using greater care, especially in properly seasoning crucibles before use. When properly prepared, the life of crucibles immediately increased to 20 heats. From January 1, 1917, to May 1, 1918, the average life of 276 crucibles used in a small plant was 54 heats.

American graphite makes the best small and medium crucibles it is possible to make. Imported graphite is used to advantage as an admixture in the manufacture of the large sizes.

Rates suggested.—Lump graphite, 3 cents per pound; flake graphite, 6 cents per pound. These rates would bring the lump price to prewar levels and give a surplus of 2 cents per pound on flake "to discourage the importation of this utterly needless product."

Witness: Mr. T. H. Aldrich, Birmingham, Ala. (Brief; no appearance at hearings.)

Size of industry.—Under the stimulus of war necessity, the producing capacity of the Alabama field increased from 1,500 tons a year to 15,000 tons a year and the investment from \$150,000 to over \$4,000,000.

Rates suggested.—The 10 per cent ad valorem protection reported by the Ways and Means Committee is regarded as totally inadequate.

quate; the adoption of the schedule of rates presented by the Alabama graphite producers is urged.

Hearings: Pages 1513-1518.

Witness: Mr. G. F. Pettinos, representing himself.

Costs and selling prices.—Ceylon graphite is selling to-day for 6½ cents, amorphous graphite for 3½ cents per pound, laid down at witness's mill.

Comparability.—The major part of the graphite consumed in the United States is used in the manufacture of crucibles for steel and brass foundries. American flake graphite is absolutely unsuitable for this use. There is no graphite in this country which will produce a material that can be substituted for the Ceylon, except in small quantities up to, say, 10 per cent. During the war a mixture of 35 per cent of domestic flake graphite with 65 per cent Ceylon graphite was used, and 8,000 crucibles made from this mixture averaged 5 heats per crucible when they should have averaged 26. Afterwards witness manufactured a number of crucibles with 100 per cent Ceylon graphite and clay of the same quality as before. The average life of these crucibles was 26 heats. Experiments conducted by the Bureau of Standards are of great scientific interest, but practical use is more to be depended on.

Lead-pencil manufacturers use amorphous graphite mixed with clay in the leads. Mexican graphite is best suited for this use, and in competition with European manufacturers in export markets must be used to keep up the quality. Lead-pencil manufacturers in the United States exported \$3,565,347 worth of pencils and pencil leads in 1919.

Rates suggested.—Witness desires crude and refined graphite retained on the free list. A duty on graphite would hasten the elimination of crucibles (referred to below) by accelerating the adoption of the electrical furnace in steel plants and would give no revenue to the Government or protection to domestic graphite producers. An increase in the duty on amorphous graphite would, of course, hit the pencil manufacturers.

Remarks.—An important development in the graphite industry in recent years has been the substitution of electric furnaces for crucibles in the steel and brass industries. The Bethlehem Steel Co. formerly used 10,000 crucibles a month. To-day their entire production is produced in electric furnaces. This step has been made because the large producers of metal products have found that crucible steel production is more expensive than the electric furnaces. It follows that any duty on graphite, necessarily increasing the price of crucibles to the consumer, will hasten the development of the electric-furnace practice at the expense of the crucible industry. It appears probable that in the long run electric furnaces will triumph over crucibles and drive crucible manufacturers out of business.

Hearings: Pages 1519-1521.

Witness: Mr. C. E. Kern, representing crucible manufacturers.

Costs and selling prices.—Ceylon graphite has always sold for from 50 to 100 per cent more than the Alabama product. This is due to the small percentage of the Alabama product which can be used as a mixture in the manufacture of crucibles.

Size of industry.—The Quenelda Graphite Co., of Alabama, claims to own 60 per cent of all flake graphite deposits in the United States,

making it one of the greatest monopolies of a natural product. Ninety per cent of all graphite deposits in the United States are found in Alabama.

Comparability.—The witness has been unable to discover any manufacturer of crucibles who has successfully substituted the American product without sacrificing durability or other desirable qualities. Ceylon graphite, being absolutely necessary for crucible manufacture, will be used regardless of tariff barriers.

Rates suggested.—Graphite to be on the free list.

Remarks.—An important feature of the movement to substitute electric furnaces for crucibles is the fact that only the largest producers can afford electric-furnace installations. If the smaller producers are forced to continue production with a higher priced crucible it will place them at a marked disadvantage in competition with large manufacturers able to afford electric-furnace installations.

Hearings: Pages 1521-1522.

Witness: Mr. H. M. Riddle, representing manufacturers of graphite for foundry facings, stove polishes, and other purposes.

Remarks.—There is no substitute for Ceylon graphite for the manufacture of foundry facings; it is impossible to make good castings without that product.

In a brief, subsequently submitted by the witness, an appeal is made to the committee to have graphite admitted into this country free of duty. The waste in refining domestic graphite is very great and the dust is injurious to the health of workers.

Hearings: Pages 1481-1486.

Witness: Mr. L. S. Brown, representing the Springfield Facing Co.

Costs and selling prices.—High-grade imported graphite was \$74 per ton in 1914, \$81 per ton in 1915 and \$226 per ton in 1918.

Comparability.—American graphite is absolutely unsuitable for use in the manufacture of crucibles and for foundry facings, despite the claims of Montana and Alabama graphite producers. During the war it was necessary to use 20 per cent of American graphite in crucibles, with the result that instead of giving from 30 to 40 heats they only gave from 1 to 6 heats. Some large producers, in order to surmount this difficulty, were forced to buy Ceylon graphite and make their own crucibles, with the result that the life of the crucibles immediately rose to from 30 to 50 heats, American graphite requires more clay for bonding purposes, and as clay does not conduct heat as well as graphite it requires from three to four times as long to heat the crucibles as when the pure Ceylon graphite is used.

Rates suggested.—Witness would retain graphite and plumbago on the free list, as in the Underwood-Simmons tariff.

Hearings: 1527-1530.

Witness: Mr. E. J. Davis, representing United States Graphite Co.

Costs and selling prices.—Witness states that, if it were suitable, his company would be delighted to use American amorphous graphite, since, according to a pamphlet of the Geological Survey, the price is \$10.60 per ton. The freight alone on Mexican graphite is more than \$16.

Comparability.—No amorphous graphite is produced in the United States which can be satisfactorily substituted for the imported.

Rates suggested.—A supplementary brief on pages 1543-1545 states that American-owned Mexican mines furnished to this company 34,489 tons in the years 1913-1920 and that a tariff on amorphous graphite, while not aiding American producers, would handicap those manufacturers who are obliged to use Mexican amorphous graphite. Witness requests, therefore, that amorphous graphite be admitted free of duty.

PARAGRAPHS 212 AND 213.—EARTHENWARE AND CHINAWARE.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

The Fulper Pottery Co., Flemington, Hunterdon County, N. J. (Brief.)

FAVORING LOWER DUTIES:

Mr. Theodore Jones, representing Jones, MacDuffee & Stratton Corporation, Boston, Mass.

Witness: The Fulper Pottery Co., Flemington, Hunterdon County, N. J. (Brief; no appearance at hearings.)

Size of industry.—The manufacture of ornamented and decorated pottery is a large industry scattered over the entire United States and having an annual output of many hundreds of thousands of dollars.

Rates suggested.—A rate of 40 per cent ad valorem.

Remarks.—The getting out of new designs is led by America. This is necessitated by the fact that as fast as new things are produced here importers buy samples and send them abroad, where they are imitated, reproduced, and brought to America and marketed at a price making it impossible to compete. The company has no objection to fair competition but asks that a condition allowing similar articles to reach the American market at prohibitively low prices be corrected.

NOTE.—For this company's testimony on bisque doll heads see Schedule 14, paragraph 1414.

Hearings: Pages 1532-1540.

Witness: Mr. Theodore Jones, representing Jones, MacDuffee & Stratton Corporation.

Size of industry.—The annual production of the American pottery industry in 1913 was valued at \$17,490,000. In 1920 it was \$50,420,000, an increase of 190 per cent in seven years. During the same period importations increased from \$9,947,000 to \$10,850,000, an increase of 9 per cent. Exports of earthen and china ware during this period increased from \$550,000 to \$2,800,000, an increase of 400 per cent.

Comparability.—The cheaper grades of china are not being produced in the United States. United States potteries produce a very limited variety of wares requested by the consumers of this country, so that it is necessary to import many kinds of ware from abroad. No well-conducted crockery or china business could be conducted without a stock of imported wares. In fact, outside of staple lines of English semiporcelain ware the great bulk of the imported goods is entirely different in character and quality from those produced in the United States. A great deal of chinaware is produced in Trenton, N. J. The Lenox Co., situated in that city, produces a variety of fine china which competes directly and successfully with the finest English china. This company has more business than the factory

can take care of and has stated that they are unafraid of any competition and do not need any higher protection.

Rates suggested.—Witness cites the Lenox China Co. and Mr. Wells, of East Liverpool, Ohio, as authority for the contention that American potteries do not require greater protection than was afforded them under the present tariff. The rates proposed in H. R. 7456, when converted to foreign valuation, amount to from 48 to 64 per cent on earthenware and 88 to 125 per cent on chinaware. Under the proposed bill a 28 per cent duty on a particular decorated earthenware would amount to 64½ per cent of the foreign cost. The witness stated that "wholesale selling prices in the United States markets are very substantially more than double the foreign cost." The Fordney rates are based on foreign cost plus duty only, ignoring all other costs and expenses which go to make up the wholesale selling price. Witness suggests, therefore, that any rates assessed on the American valuation basis should be less than half what they are at present on foreign costs.

Remarks.—A brief, dated August, 1921, filed by the witness in behalf of the tariff committee of the wholesalers of crockery and china of the United States appears on page 1538. It calls for a moderate reduction of the rates on earthenware and china, which would yield increased revenue and reduced selling prices to consumers. Tables showing, by representative import consignments, "an enormous increase in selling prices to the public at a time when reductions are hopefully expected and demanded" serve to uphold the contention that, under American valuation, the rates on earthenware would vary from 48 to 64 per cent, and on china from 88 to 125 per cent.

Comments by American pottery manufacturing interests.—Mr. B. E. Salisbury, president, United States Potters' Association, in a letter of October 6, 1921, to the committee, takes issue with certain features of Mr. Jones's testimony. In particular, he refers to the witness's citation of Mr. W. E. Wells, as stating that "the present tariff is high enough for the protection of the native potters." Mr. Salisbury incloses with his letter an affidavit sworn to by Mr. Wells on October 3, 1921, affirming that "he never made the statement quoted by Mr. Jones to him or to anyone else, nor any statement that might by any process be interpreted or contorted into that meaning." So far from that expression representing his views, Mr. Wells had "stated the opinion frequently in public and in private, and upon two occasions within the hearing of Mr. Jones, that unless the rates provided in the present Underwood bill are not (sic) substantially increased in the contemplated new bill the domestic pottery industry will face absolute ruin."

Mr. Salisbury also criticizes Mr. Jones's further statement that the Lenox pottery has "more business than their factory can take care of and has stated that they are unafraid of any competition and do not need any high protection." In rebuttal of this assertion, Mr. Salisbury incloses an affidavit sworn to on August 20, 1921, by Mr. Harry A. Brown, president of the Lenox Co. Mr. Brown confirms, to the best of his knowledge, the testimony that no other manufacturer in America is making the grade of china in question, but goes on to state that "the present development was made possible solely through the tariff, and the future of the business depends upon the tariff, absolutely."

Mr. Salisbury's letter enters in detail upon Mr. Jones's estimate of what the actual rate of duty, under the bill, would mean as applied upon American valuation. Mr. Salisbury reaches the conclusion that, in two cases where the goods are comparable, the equivalent rate on earthenware would be only 48 per cent in one case and 50½ in the other.

Further statements by Mr. Salisbury show, on the basis of Mr. Jones's testimony, the gross profits made upon the imported goods under the present law, tending toward the conclusion that the same goods can be sold at the same prices and at a handsome profit under the Fordney bill rates.

PARAGRAPH 213.—CHEMICAL STONEWARE.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Maurice A. Knight, representing manufacturers of acid-proof stoneware; address, Akron, Ohio.

The Acid Proof Clay Products Co., Akron, Ohio; the United States Stoneware Co., Akron, Ohio; and Mr. Maurice A. Knight, East Akron, Ohio. (Joint brief.)

FAVORING LOWER DUTIES:

Mr. David Walker, representing Morimura Bros., New York City.

Hearings: Pages 1547-1553.

Witness: Mr. Maurice A. Knight, representing manufacturers of acid-proof stoneware.

Costs and selling prices.—The chemical stoneware business is entirely different from the manufactures of ordinary grades of salt-glazed stoneware. The clay used must be carefully selected and stored for long periods to obtain uniform results in the manufacturing process. The production processes of chemical stoneware are all hand labor, amounting to 80 per cent of the total cost. Domestic labor received 90 cents per hour as compared with 6 cents per hour in Germany and 18 cents in Great Britain. A recent wage reduction brought down American wages to 75 cents an hour from the 90-cent war rate. Freight rates react against American manufacturers who have to pay, from Akron to the Atlantic seaboard, 60 cents a hundred pounds in less-than-carload lots and 40 cents in carload lots. European chemical stoneware is imported practically as ballast, because salt water does not injure it.

Size of industry.—Prior to the war there were eight plants manufacturing chemical stoneware. To-day four of these have gone out of business and the balance are having a great struggle in competing with imported products.

Rates suggested.—Separate paragraph classification for chemical stoneware at 200 per cent ad valorem. As a large percentage of the chemical stoneware production is made to order from blue prints it would be very difficult to ascertain dutiable American wholesale market prices, and for this reason alternative methods for valuation must be used. A separate classification is desired, for the manufacturing process in chemical stoneware is entirely different from that of any other clay manufacture. It is a distinct industry. The product is made by hand from very carefully selected clays, while common clays.

are used in ordinary salt-glazed stoneware and machine production predominates. Under the Simmons-Underwood tariff there is no separate provision for chemical stoneware, and this product is imported under several classifications at low rates of duty. The industry is absolutely vital to the success of all chemical industry in the United States. If the chemical stoneware industry is to survive and be ready to supply the industries of the United States with the equipment required for the manufacture of explosives, poison gas, dyestuffs, acids, and other products, it should be protected with an ad valorem duty of not less than 200 per cent. In addition, legislation should be enacted prohibiting the sale of chemical stoneware in this country at prices less than the cost of production here.

Witness: The Acid Proof Clay Products Co., Akron, Ohio; the United States Stoneware Co., Akron, Ohio; and Mr. Maurice A. Knight, East Akron, Ohio. (Joint brief; no appearance at hearings.)

Costs and selling prices.—The chief sources of foreign competition in chemical stoneware are England and Germany, the latter country being by far the more serious competitor:

German labor and living costs have not advanced in proportion to the differential in exchange—a condition enabling German manufacturers to lay down goods in this country at an excellent profit for themselves but at unlivable prices for the United States.

During normal conditions prior to the war, the German workman making chemical stoneware was earning from 20 to 40 marks per week, while the American workman was earning from \$6 to \$8 per day. The foreign manufacturer is willing to sell at or below cost at this time in order to drive out competition and preserve the market for later exploitation at higher prices.

Size of industry.—Prior to 1914 there were eight United States concerns engaged in the manufacture of chemical stoneware, four of which were forced by aggressive competition to discontinue before the beginning of the war. The four remaining in business are: The Acid Proof Clay Products Co., Akron, Ohio; the United States Stoneware Co., Akron, Ohio; General Ceramics Co., New York, N. Y.; Maurice A. Knight, East Akron, Ohio.

Expert labor required in the manufacture of this ware is limited to probably 200 in the entire country who can be considered proficient.

Rates suggested.—The proposed duty of 35 per cent ad valorem is not enough to protect the American chemical stoneware industry from foreign competition. The product should be placed in a classification by itself and given an ad valorem rate of duty of not less than 200 per cent. Antidumping legislation should be immediately enacted prohibiting the sale of chemical stoneware at a price not (sic) less than the cost of production in this country.

Remarks.—Chemical stoneware is primarily used by the acid, alkali, dyestuff, pharmaceutical, chemical, explosive, poison gas, and allied industries as plant equipment. It is used, besides, by practically every industry in the country using, handling, or manufacturing corrosive chemicals. Chemical stoneware is not to be confused with ordinary or common stoneware, but is a distinct and separate type of material and used and made in large sizes as equipment for manufacturing.

Common forms of stoneware, made on machines where the human element has but little effect on the cost, can be turned out in quantities very cheaply without the extreme hazard or great percentage of loss incidental to chemical stoneware manufacture. This product is hand molded or built up by hand, by expert labor specially trained after years of patient effort. Chemical stoneware must be built up by hand, because the pieces are too large and complicated to be made on a machine; as there are no standard sizes or pieces, the goods are mostly made to order and blue print to suit customers' requirements. Further, in order to stand the abuse they receive in plant operation, the articles must be very carefully and slowly constructed by expert workmen, who know just the proper mixture and temper of the clay to use and how the piece should be molded and pressed to withstand the work for which it is designed.

During the war the Government placed chemical stoneware in the priority class as a necessary industry. Without the chemical stoneware industry, places like Hopewell, Muscle Shoals, Edgewood Arsenal, and experimental poison-gas stations could not have been planned or operated. All the chemical stoneware manufacturers were from a year to eighteen months behind on Government orders at the close of the war.

In paragraph 213, H. R. 7456, chemical stoneware is grouped with bisque, parian, and other wares in no way similar to chemical stoneware, either in method of manufacture or use; it would therefore lead to confusion and misunderstandings should the bill become a law as it now reads. There should be a separate and distinct classification.

Some of the concerns who are now out of business, and others who are still making chemical stoneware, started in business 25 or more years ago, making common stoneware, sanitary ware or other products, and later added chemical stoneware to these lines. In nearly every case, outside of some of the simpler pieces or those required in a hurry, they were unable to compete with the foreign product and were forced to manufacture other lines to continue in business. The greater number could not even survive with the side line to help them and were forced to close, and have not since resumed operations. The remainder were able to survive until the outbreak of hostilities in Europe cut off importation. This is an infant industry, struggling hard to keep in existence, and in danger of losing out if conditions prior to 1914 are resumed. The proposed 35 per cent ad valorem duty affords no adequate protection.

In the event of the industry being wiped out in this country, and should conditions be such that American key chemical industries are called on for assistance in case of war, with the supply of chemical stoneware from Europe shut off, conditions here would be critical. It would be impossible to start the chemical stoneware industry again, as is possible in some other lines, owing to the lack of skilled workmen and of the special plant layout and expert supervision required. Besides, were the industry wiped out, the users of chemical stoneware during times of peace would ultimately be forced by foreign manufacturers to pay exorbitant prices for their apparatus.

Hearings: Pages 1541-1547.

Witness: Mr. David Walker, representing Morimura Bros.

Costs and selling prices.—The following table shows the cost prices, together with all transportation and duty charges and other

particulars incident to landing a representative set of Japanese china in New York City.

[Exhibit 1901.]

DINNERWARE, 100-PIECE SET.

Cost per set.....	yen.....	22. 182
Cost per case (3 sets).....	do.....	66. 546
Size of case.....	cubic feet.....	15
Weight of case.....	pounds.....	290
Freight:		
Ocean, from Japan to Pacific coast.....	per 100 pounds.....	\$0. 85
Rail, from Pacific coast to—		
East of Chicago.....	do.....	\$2. 665
West of Chicago.....	do.....	\$2. 300

	Amount.	Per cent.
Cost of case, exchange at \$50, 50 per cent.....	\$33. 273	100
Purchasing commission, 7 per cent.....	2. 330	7
Packing and casing, 22 cents per cubic foot.....	3. 300	10
Duty on cost, 55 per cent.....	18. 301	55
Duty on packing and casing, 55 per cent.....	1. 815	5. 5
Freight (ocean, \$0.85; rail, \$2.665).....	10. 194	31
Shipping, insurance, and landing charges.....	1. 491	4. 4
Landing cost per set (3 sets).....	70. 704	213
Landing cost per set (3 sets).....	23. 57	.....
Selling gross profit per set (including operating expenses), 29.4 per cent on selling price and 41.7 per cent on cost.....	9. 82	.....
Selling price per set.....	33. 39	.....
Selling price per case.....	100. 17	.....

(Readers should bear in mind in considering this table that the par value of the yen is 50 cents, so that the prices divided by 2 will equal dollar prices.)

A calculation (Table D) made by the witness showed that 1 yen, or 50 cents, expended for the purchase of chinaware in Japan amounts to \$1.10 duty paid in New York under the Simmonds-Underwood Act; with the addition of 36.4 per cent profit on the landed cost the goods sell wholesale in the New York market for \$1.50.

Witness presented a sample of domestic "earthenware," labeled "chinaware," and of Japanese chinaware, practically the same patterns with figures, showing that the wholesale price on the imported china product is \$5.25 greater than the retail price on the domestic earthenware.

Comparability.—Witness maintains that there is nothing manufactured in the United States which is, strictly speaking, comparable to Japanese importations.

Rates suggested.—The witness would be satisfied with the rate of duty, based on the American valuation plan, that will afford the same protection to the American industry given by the Payne-Aldrich law. He cited Mr. Wells, representing the American Potteries Association, as taking up the matter of protection before the Ways and Means Committee (p. 579 of the printed hearings). The witness went in considerable detail into an analysis of the duty proposed in the bill, as showing that this would amount to 181 per cent on the foreign value now used as the basis of assessment.

PARAGRAPHS 217 AND 218.—BOTTLES.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. James Morrison, representing National Bottle Manufacturers' Association, Toledo, Ohio.

Hearings: Pages 1565-1570.

Costs and selling prices.—Witness exhibited a bottle of American manufacture selling in the United States for \$2.15 per gross. Japanese bottles are being offered at 86 cents a gross, laid down in New York, a price which would do little more than cover the domestic blower wage cost. Wages for unskilled work in the bottle industry run from \$22 to \$25 a week; skilled workers draw from \$35 to \$40 per week, these rates being 120 per cent above the 1914 level. Workers in American plants have recently refused to take a reduction in wages, except in a few isolated instances; in some cases even higher wages are being demanded. Information gathered by the president of the American Flint Glass Workers' Union in a four-months' European trip indicates that wages in central Europe run from \$3 to \$5 per week, as compared with \$25 to \$40 here. The present selling price of a 16-ounce bottle in the United States is \$6 to \$7 per gross, with costs running from \$5.50 to \$6.50. In Germany the same bottle would cost \$1.10 to \$1.40 per gross, which would permit the German manufacturer to lay the bottle down in New York, under the rates proposed in H. R. 7456, for \$4.32 per gross. Japanese catalogue prices are fully 50 per cent lower than those quoted in this country.

Size of industry.—The witness handed in data as follows:

Number of employees.....	32,051
Annual wages paid.....	\$30,000,000
Number of gross of bottles per year.....	25,000,000
Average yearly production.....	\$21,775,000
Approximate value of product.....	\$108,875,000

Rates suggested.—Witness desires a duty of at least 60 per cent ad valorem to counterbalance the difference in labor costs. He expressed his approval of the action of the House of Representatives in removing chemical glassware and scientific apparatus from the free list.

PARAGRAPHS 217 AND 218.—GLASSWARE.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. W. A. B. Dalzell, representing the American Association of Glass Manufacturers, with headquarters at Pittsburgh, Pa.; address, Moundsville, W. Va.

Mr. William B. Clarke, representing the American Flint Glass Workers' Union.

Mr. Thomas W. McCreary, representing the Phoenix Glass Co. (Joint brief of the above).

Hearings: Pages 1553-1565.

Witness: Mr. W. A. B. Dalzell, representing the American Association of Glass Manufacturers.

Costs and selling prices.—The labor cost on 100 pieces of a certain article is 5 cents in certain parts of Europe. In the United States

it is \$1.65. In 1914 central European wages were much lower than those in the United States, and domestic wages have doubled. To-day their wages are only one-eighth of domestic. Union labor rules limit production here and it is not possible to induce workmen to work more effectively. New York glassware importers have boasted that they can undersell domestic products, regardless of the duty, owing to their advantage in the difference in wages.

Size of industry.—The annual production of American tableware manufacturers exceeds \$100,000,000. Pay rolls amount to \$55,000,000 for a total of 37,000 workers.

Rates suggested.—In paragraph 217 witness requests that the proviso regarding containers be retained but that the words "plain green or colored, molded, or pressed, and flint, lime, or lead," be deleted and that the words "and not to include bottles for table service use or thermos bottles" be added after the main body of the paragraph and before the proviso.

In paragraph 218 witness would delete "bottles" and start the paragraph, "Table glassware and all articles," etc.

He suggests a new paragraph, to be known as 218½, to cover table glassware not decorated or ornamented in any manner. The witness believes it to be absolutely necessary that the rate of duty for paragraphs 218 and 218½ be increased above that provided under the Payne-Aldrich tariff, inasmuch as the difference between American and foreign wages has been trebled. He suggests further that paragraph 230 be amended so as to exclude blown glassware of every description. As revised, this would read: "* * * or of which sheet glass, flat glass, or paste is the component material of chief value," etc.

In regard to paragraph 75, dealing with potassium carbonate, the witness would have this product retained on the free list, since the proposed duties would work great hardship on glass manufacturers, who use annually between 4,000 and 5,000 tons of this chemical.

Hearings: Pages 5189-5197.

Witness: Mr. William B. Clarke, representing the American Flint Glass Workers' Union.

Costs and selling prices.—In 1914, to the best of the witness's knowledge, the wages of German glassworkers averaged \$10.71 a week, based upon the American standard. The wages of American glassworkers, at that time, were \$16.23 a week. At the present time skilled men are paid \$5.27 a week in Germany, as a maximum, in American money. The cost of production in the United States as compared to the cost in Germany is as 8 to 1. The relative cost of production is also much lower in Czechoslovakia, Belgium, and France.

Comparability.—American glassworkers have never, in more than 40 years, been paid in excess of \$35.02 a week, and are not getting a living wage at the present time. The cost of skilled labor in the production of electric bulbs (glass only, without the filament) is not over 15 cents a hundred in Germany, while the domestic labor cost for the same article is \$1.54 a hundred, or 10 times as much. The selling price of the American-made electric bulbs is about \$27 a thousand. The witness was informed by a dealer in German electric bulbs that they were laid down in the United States at from \$19 to

\$22 a thousand. The American cost for these bulbs is \$15.40 a thousand for the skilled labor only, not taking into consideration overhead, fuel, and other expenses. Electric bulbs sold for \$18 or \$19 a thousand in 1911 in the United States. American-made lamp chimneys sell for \$1.35 per dozen in Chicago, Ill., and a German substitute, practically as good, is selling for 30 cents per dozen.

Ninety per cent of American glassworkers work on a piecework basis, unlimited production, and in no instance do they work less than eight hours a day, in most instances eight and one-half hours. The statement of Mr. W. A. B. Dalzell, of Moundsville, W. Va., to the effect that glassworkers worked but three hours a day, is absolutely and positively inaccurate.

Rates suggested.—The witness asks an ad valorem duty of 60 to 65 per cent, based on American valuation.

Hearings: Pages 5234–5235.

Witness: Mr. Thomas W. McCreary, representing the Phoenix Glass Co.

Costs and selling prices.—The living conditions of workmen in Germany, Belgium, France, and Czechoslovakia are far below the standard of American workmen. Their wages range from 1 to 8, to 1 to 10, in comparison with American standard wages. One exporter from Europe stated to the witness: "You could raise your tariff 100 per cent and we will still be able to undersell you." A manufacturer in Germany, who exported all his goods to America, stated that it is possible for him to sell goods in America at less than the American wage rate. Glassware costing approximately \$24 a day to produce in the United States will cost from \$3.50 to \$4.50 a day to produce in Germany and Czechoslovakia. The witness saw a globe, similar to one in the committee room, which was made in Czechoslovakia with a labor cost of 5 or 6 cents per hundred; the American glass manufacturer's labor cost on the same article is \$1.66 per hundred.

Rates suggested.—A duty of 60 to 65 per cent to be imposed upon illuminating glassware based upon American valuation.

Remarks.—The manufacturers of illuminating glassware are interested in having an additional paragraph in the tariff law that will enable them to determine with some degree of accuracy the volume and the value of imports of that class of glassware.

ABSTRACT OF JOINT BRIEF SUBMITTED BY THE TWO PRECEDING WITNESSES.

On pages 5267–5272 the argument for protection for the flint-glass industry is set forth in a joint brief, dated January 3, 1922, presented to the committee by Mr. William P. Clarke, president of the American Flint Glass Workers' Union of North America, and Mr. Thomas W. McCreary, superintendent Phoenix Glass Co., Pittsburgh, Pa. For their oral testimony see pages 5189–5197 and 5234–5235. Their respective detailed reports on European conditions in this industry will be found on pages 5197–5233 and 5235–5267.

The conclusions were based on the results of a comparative study of conditions in the industry in Europe and America. To that end

the authors of the brief, between October 17, 1920, and March 13, 1921, visited the leading glass centers of Europe, Mr. McCreary representing the manufacturers and Mr. Clarke the skilled workmen employed.

This joint study, made at the solicitation of the president of the workmen's organization, revealed conditions under which, while workmen were thoroughly organized, the manufacturers were "united and functioning in a manner that would not be permitted under the laws of our Government."

The authors were informed in January, 1921, that the average weekly wage of German skilled workmen did not exceed 500 marks. This, with a 30 per cent increase last March and an anticipated 40 per cent increase at the close of 1921, would represent a present weekly wage for skilled glassworkers of \$5.28, the mark being taken as fifty-eight one-hundredths of a cent. In substantiation of their claim the brief presents the following data:

Electric bulbs (not lamps).

	Skilled labor, cost per 100 abroad.	Skilled labor, cost per 100 in America.
Wordsley, England.....	\$0.46	\$1.54
Lemington, England.....	.35	1.54
Edinburgh, Scotland (average).....	.42	1.54
Weisswasser, Germany.....	.20	1.54
Milan, Italy.....	.28	1.54

One comparatively small company imported 2,000,000 bulbs between March and October, 1921.

It is noted that the joint effect of changes in wages and money values is to leave the present wage for skilled bulb workers at about 15 cents per hundred as compared with 20 cents a year ago.

Thermos bottles were being produced in January, 1921, at a skilled labor cost per 100 inside and outside pints at 46 cents, as compared with \$2.44 in America. One New York house placed one order for 1,605,000 thermos bottles in Europe.

Lamp chimneys costing \$2.11 per 100 for skilled labor in America are being produced for 12 cents in Germany and 7 cents in Czechoslovakia. Corresponding wages are, respectively, \$13.75, \$1.68, and \$0.91 per week. Lamp chimneys are being laid down in Chicago at 30 cents a dozen; the American price is \$1.35.

Shades (electric), one end finished, absorb 31 cents per 100 for skilled labor in Czechoslovakia and \$2.48 in the United States. For the unskilled labor employed the respective figures are \$2.59 and \$55.90 per week.

Glass cutters' wages: "Our investigation justifies the statement that the wages paid to glass cutters are: Belgium, \$11.56 per week; Germany, \$7.14; Czechoslovakia, \$2.44; United States, \$30."

Materials: Sand costs German and American glass manufacturers, respectively, \$0.71 and \$5.72 per ton. Coal, in Germany, \$2.91 to \$4.74 per ton, as against \$6.35 in America. Lime, \$2.19 per ton in Germany, \$20.50 in America.

Stress is laid upon the effective compliance, during the war, with United States' Government demands for the creation of plants making chemical glassware, previously imported. This was done, entailing innumerable sacrifices under a pledge that manufacturing interests would be safeguarded after peace had been secured. This can still be done by affording manufacturers and workers the essential protection—a step all the more called for in view of the Tariff Commission's testimony to the superiority of the domestic product.

As regards American exports and imports of glassware, the brief shows that this country has a credit trade balance in the first nine months of 1920 of \$16,529,002, reduced to \$4,131,300 in the corresponding period of 1921. The actual situation is even worse than is thus indicated, as the value of foreign exchange, on which import values are based, has decreased materially in the interim.

That American glass workers have done their part by accepting wage reductions—in some cases of their own volition—is emphasized in a cited letter from Mr. E. E. Kimble, a prominent glass manufacturer. There is, on the other hand, no reason to doubt that Germany's national economic council determines and dictates export prices, keeping these just below the cost in the importing countries, a process from which large profits accrue.

The brief concludes as follows:

Suggestions.—The Finance Committee having urged that we offer recommendations calculated to minimize the evil confronting the flint-glass industry because of importation, we venture to suggest:

First. That the American valuation plan be retained in the tariff bill at all hazards.

Second. To avoid a repetition of the misunderstandings that have occurred while paragraphs 217, 218, and 230 of H. R. 7456 have been under consideration by the Finance Committee, and form a basis for a more accurate record as to the class and character of flint glassware that may be imported as well as exported in the future, thereby lending assistance to those who may be called on to legislate in subsequent years, we suggest that flint glassware be classified in the records of our Government under the following headings:

(A) Illuminating glassware: This shall include lamps, shades, globes, bowls, balls, reflectors, chimneys, etc., and shall carry a duty of 60 per cent ad valorem on the American valuation plan.

(B) All glassware named in Class "A," but consisting of more than one kind of glass and commonly known as "plated" or "cased" glass, produced by several layers of either clear, opaque, or colored glass, and all blown glassware as described in Class "A" that is further ornamented and enhanced in value by engraving, cutting, etching, decorating, printing, silvering, gilding, or by any other process or method embellished or refined, shall carry a duty of 65 per cent ad valorem on the American plan.

(C) Incandescent electric light bulbs and lamps, with or without filaments, shall carry a duty of 60 per cent ad valorem on the American plan.

(D) Chemical glassware of all kinds, whether used for experimental purposes in hospitals, laboratories, universities, or colleges, shall under no circumstances be admitted for less than a duty of 60 per cent ad valorem on the American plan.

(E) Blown or hand made tableware, such as decanters, pitchers, jugs, goblets, wines, tumblers, and kindred ware, whether blown in a mold or made by hand, shall carry a duty of 60 per cent ad valorem on the American plan.

(F) All glassware named in Class "E" that is cut, engraved, or decorated in any manner to enhance its value, shall carry a duty of 65 per cent ad valorem on the American plan.

(G) All pressed glassware and all other flint glass not enumerated in these specifications shall carry a duty of 60 per cent ad valorem on the American plan.

(H) All thermos bottles shall carry a duty of 65 per cent ad valorem on the American plan.

A supplementary paragraph (p. 5272) directs attention to the existence, under a German law, of "The National Economic Council," empowered to regulate export prices. The writers of the brief are convinced that, with the advice of this council, German goods are sold abroad at prices just sufficiently below the cost of corresponding domestic goods to undersell the latter, thus enabling German manufacturers to make large profits. It is suggested that United States authorities secure, from their representatives in Berlin a report on the workings of this council.

PARAGRAPH 218.—ILLUMINATING GLASSWARE.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Nicholas Kopp, representing 26 manufacturers of illuminating glass; address, Pittsburgh, Pa.

FAVORING LOWER DUTIES:

Mr. William Friedlaender, representing importers of lighting glassware; address, Brooklyn, N. Y.

Hearings: Pages 1570-1577.

Costs and selling prices.—German and Czechoslovakian manufacturers, after paying the present 45 per cent duty, can land material in the United States at less than one-half of the American labor cost alone. German laborers are to-day receiving from 20 to 33 per cent less in gold value than in 1914, while the value of their product is on a gold or American dollar basis. Their average wages in the blown-glass industry are about 80 cents per day of 8 hours, as compared with American wages of from \$8 to \$9. German manufacturers figure their finished product sales value as 40 per cent labor, and if it is considered that the American labor cost is eight times that of the German, the American cost on a \$1 article would be \$3.20. Then, as the American manufacturer figures one-half of his total cost as labor, the article would cost in America \$6.40. No definite figures of selling prices of foreign goods in the American market were given by the witness. He stated that foreign goods were selling at lower prices than the domestic, but gave no specific instances.

Size of industry.—The capital investment in the illuminating-glassware industry in the United States is \$20,000,000, producing about \$25,000,000 worth of glass. Wages amount to \$12,500,000; material, \$5,000,000; and coal, \$2,500,000, leaving a balance of about 20 per cent for overhead and profit. The product includes shades, globes, reflectors, bulbs, and similar articles.

Comparability.—The Germans have no advantage over the Americans in the matter of machinery. The difference in wages applies chiefly to artistic goods, the bulk of United States products being the cheaper.

Rates suggested.—First, a special classification for illuminating glassware in Schedule B, and second, a duty equal to the amount of the difference between the cost of labor used in the United States and Europe, Japan, or other countries. Under the present classification illuminating glassware falling under several paragraphs often does not receive the protection it is legitimately entitled to. A brief subsequently submitted calls for a duty of 60 per cent ad valorem on American valuation on plain and 65 per cent on decorated illuminating glassware. The brief states that the 26 concerns rep-

resented have operated their plants at less than 30 per cent capacity since January 1, 1921, and since July 1, 1921, more than 90 per cent of their laborers have been idle. Foreign competition, at low prices which they are unable to meet, is responsible for these conditions.

Mr. Kopp, whose testimony is summarized above, addressed a letter to the committee on December 16, 1921, as vice president and general manager of the Pittsburgh Lamp, Brass & Glass Co. This was accompanied by several letters from manufacturers and dealers, setting forth the disparity between American costs of production and the prices of German imports. The following examples, typical of the whole, are recorded here as representative of the situation brought to the attention of the committee:

The Macbeth-Evans Glass Co., in a letter of October 15, 1921, to the Pittsburgh Co., cited the New York Board of Customs Appraisers as having checked up a German consignment of two sorts of glass chimneys billed at 18 marks per dozen, or 14 marks home value, which, at the then rate of exchange, would mean 12 American cents. One of these patterns, known as No. 644A, had been an article of heavy output by the Macbeth-Evans Co. at \$1.35 per dozen, including package, but they had not made a single chimney since June 1, 1921.

An "oval duplex chimney," referred to in a letter of the same date, is covered in a foreign quotation of 39 cents per dozen as compared with \$1.46 which the Macbeth-Evans Co. found it necessary to charge. The company's very large foreign business in this chimney has entirely disappeared.

Other letters refer to the company's former export trade, citing a case in which some 30-line Ditman chimneys, offered as low as 40 cents a dozen net after the canceling of an order, were underbid, in Egypt, by an Italian firm at 60 per cent less. Similar conditions are stated to exist in the export trade to Mexico, where chimneys quoted at \$1.15 per dozen by the Macbeth-Evans Co. are being sold (November 9, 1921) at 25 cents per dozen.

Gauge glasses can be purchased at 35 cents each, or less, for which the company quotes \$1.25.

The Phoenix Glass Co. refers (November 15, 1921) to a lighting globe for which their price is \$9.75 a dozen, while a foreign article is being laid down at \$6.

The Jefferson Glass Co., writing on November 14, 1921, state that they have had to abandon plans for the sale of their products in China, having found that market flooded with German glassware.

In other letters, there are references to cancellation of orders on account of "unexplainable" low prices offered for "German and European fixtures." One of these mentions "German goods being offered at such ridiculously low prices" as to threaten the closing down of domestic factories. In another case, a net saving of 50 cents a dozen, laid down in Chicago, is anticipated from buying German lamp chimneys.

Hearings: Pages 1577-1581.

Witness: Mr. William Friedlaender, representing importers of lighting glassware.

Costs and selling prices.—A 16-inch white bowl, used for indirect lighting, is sold in this country by American manufacturers at from \$13 to \$13.70 per dozen. The cheapest price at which the same bowl can be imported to-day under the present act, taking the foreign valuation, is \$14. To this must be added $33\frac{1}{3}$ per cent of the cost or 25 per cent of the selling price (10 per cent for overhead expenses, 10 per cent for selling costs, and 5 per cent for net profit). The selling price of the bowl costing the importer \$14 is, therefore, \$18.50 per dozen as compared with the present domestic price of \$13 per dozen. Small white electric shades are sold to-day at \$1.40 per dozen. After adding importers' expenses and profits the cheapest that this article can be sold by the importer is \$2 per dozen. Oil-lamp chimneys are sold to-day at \$1.10 a dozen. The importing cost, without any expenses other than duty—not even carting—is \$1.16 per dozen. There has been a decrease in prices during the past two years. Thus, green-glass shades for offices were sold prior to the war for \$2 to \$3 per dozen. During the war domestic prices increased to as high as \$15 per dozen. With the first importation the prices dropped to about \$7.50 per dozen, and they can be bought for about that price to-day. The value of domestic glassware production is more than double that prior to the war. Imports prior to the war amounted to 6.7 per cent of the value of the domestic product. Importations during the period 1914–15 averaged about \$4,000,000. During the first 11 months of 1920 imports amounted to \$7,000,000. As foreign prices have doubled and in some cases tripled, the \$7,000,000 importation in 1920 corresponds to a smaller volume than \$4,000,000 worth of importations in 1914.

Size of industry.—Total glassware manufactures in the United States in 1920 amounted to \$267,000,000.

Comparability.—Foreign manufacturers have some advantage in the sale of glassware containing fine decorations, because foreign decorations are better than those put on here; the execution is better because men have been doing that kind of work for generations.

Rates suggested.—Witness would have the duty on blown glassware reduced on the basis of the cost figures outlined above. He maintains that 10 per cent under American valuation is equivalent to 40 per cent based on foreign valuation. He is unalterably opposed to the American valuation plan.

PARAGRAPH 218.—TABLE GLASSWARE.

WITNESS, AND INTEREST REPRESENTED.

FAVORING LOWER DUTIES:

Mr. William P. Graham, representing Graham & Zenger, decorators and importers of glass, New York City.

Hearings: Pages 1582–1584.

Costs and selling prices.—The witness produced two samples of glass goblets, one made in the United States and the other abroad and sold wholesale by the American manufacturer for 81 cents a dozen prior to the war. The importer's price was between 75 and 80 cents. To-day, the importer's price on goods from Holland is 200 per cent above prewar. American prices vary, leading manufacturers selling at \$3 per dozen—a more or less mythical valuation—up to

\$4.25 during the war. To-day, some say the article can be obtained for \$1.60 but the leading manufacturers ask \$3. Under the rates proposed in H. R. 7456 the importer would be obliged to pay (on American valuation) \$1.20 duty per dozen, instead of 45 per cent under the Payne-Aldrich rates. It would figure out about the same.

Rates suggested.—A decrease of rate on blown glassware to 15 per cent, on the ground that this is approximately equivalent to the duty of 45 per cent on the foreign valuation imposed by the Payne-Aldrich Act.

PARAGRAPH 218; ALSO PARAGRAPH 1688 OF SCHEDULE 15.—ORNAMENTAL GLASS.

(See also Par. 230.)

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Otto W. Heinigke, representing the National Ornamental Glass Manufacturers' Association of the United States and Canada.

Hearings: Pages 5050-5058 of Schedule 15 (free list).

Costs and selling prices.—The labor cost of ornamental glass almost entirely determines the price of the product. Labor is 70 per cent of the cost. The difference between the prices on windows quoted by German manufacturers and the cost in American factories is \$9.46 per square foot. As American manufacturers can not eliminate this difference, they would like to have ornamental glass on a specific rather than an ad valorem basis. A table of comparative wage scales follows:

	Wages per hour.	
	Germany.	United States.
Flesh painter.....	\$0.20	\$1.50
Drapery painter.....	.16	1.00
Ornament painter.....	.14	.80
Glazier.....	.14	.80

Comparing these wage scales, it is not surprising that a window which can be made in Germany and laid down in New York for \$3.26 per square foot costs the American manufacturer \$12.72 per square foot to produce. This becomes still more clear when it is added that 70 per cent of the total production cost, including overhead, is hand labor, no machine entering into any part of the work, and that 75 per cent of the raw material for the American window must be imported from England or Germany, and pay duty at not less than 35 per cent.

Size of industry.—The consumption in the industry varied from year to year prior to the war. One year it would total \$500,000, including importations and manufactures, and another year it would go down as low as \$200,000.

Comparability.—Archbishop Mundelem, of Chicago, writing of American-made windows, refers to them as “the richest and most artistic windows in any of our Catholic churches in this country.”

Rates suggested.—The witness requests that, in paragraph 1688 of H. R. 7456, the words “including stained or painted window glass or stained or painted glass windows when imported by houses of worship” be stricken out. The present bill, as reported to the House of Representatives, provided in paragraph 230 a 30 per cent duty on stained or painted glass windows, or parts thereof. This rate is not sufficient to protect the industry from German competition at the present rate of exchange on the mark. The committee is asked to take these churchmen at their word when they state in their brief that if they “were convinced that American manufacturers or American workmen would suffer by the free importation of such articles they would not seek to combat the petitions presented to your committee.”

PARAGRAPH 219.—WINDOW GLASS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING LOWER DUTIES:

Mr. Otto W. Hammer, representing the Cramer Dry Plate Co., the Hammer Dry Plate Co., the Central Dry Plate Co., St. Louis, Mo.

Mr. George A. Cramer, representing the George Cramer Dry Plate Co., St. Louis, Mo.

Hearings: Pages 1584–1588.

Witness: Mr. Otto W. Hammer, representing the Cramer Dry Plate Co., the Hammer Dry Plate Co., and the Central Dry Plate Co.

Costs and selling prices.—Belgian glass can be imported at the present time for \$8 per box, including all charges. This pays to-day a duty of 70 cents. Domestic manufacturers charge \$9 per box.

Size of industry.—No data except that a limited amount of window glass suitable for photographic dry plates has been produced in the United States. The quality has not been satisfactory and only one concern is now attempting the manufacture.

Comparability.—Domestic goods are not equal to Belgian and the percentage of rejects is higher than for the foreign article.

Rates suggested.—Witness requests that in H. R. 7456 the specific rates on window glass not exceeding 150 square inches be retained at 1½ cents per pound; that the rate of the next bracket be reduced to 1½ cents; the third bracket to 1¾ cents; the fourth bracket to 2¼ cents; the fifth bracket to 2¾ cents; the sixth bracket to 3½ cents; all above that to 4 cents.

The witness further suggests that a minimum ad valorem duty of 10 per cent be placed upon all goods above 150 square inches and that the proviso specifying that the rates shall not be less than 35 per cent ad valorem be eliminated.

The witness compares Belgian glass at \$8, less present duty of 70 cents, with the domestic article selling for \$9. Then, 35 per cent of \$9 is \$3.15, which, added to the bare cost of the foreign article, would raise the price to \$10.25 per box. The duty is 70 cents per box under the Underwood bill. It was \$1.05 to \$1.10 under the Dingley

bill and under the proposed tariff bill there will be an increase of 350 per cent.

Remarks.—There is no way of differentiating—it has been tried—between window glass for photographic dry plates and window glass for ordinary glazing. Photographic glass now selling at \$9 sold before the war for \$4.50 and during the war was as high as \$13.25. The sizes used for photographic glass are as follows, in inches: 5 by 7, 6 by 8, 8 by 10, and 10 by 12. A few larger sizes, such as 11 by 14, 18 by 20, and 20 by 24, are used.

Hearings: Pages 1588–1592.

Witness: Mr. G. A. Cramer, representing the George Cramer Dry Plate Co.

Costs and selling prices.—Photographic glass can be obtained, f. o. b. Antwerp, for \$6.50 per box, equivalent to \$8 duty paid laid down in the United States. Domestic manufacturers are asking \$9 for the same article f. o. b. factory.

Size of industry.—Four companies in the United States are manufacturing dry plates. The Eastman Kodak Co. is the principal producer. The other three are the George Cramer Dry Plate Co., the Central Dry Plate Co., and the Hammer Dry Plate Co., of St. Louis, Mo.

Comparability.—The quality of American glass is not as high as that of the foreign glass.

Rates suggested.—Witness would eliminate the ad valorem minimum on all sizes under 150 square inches and reduce the duty to 10 per cent ad valorem on the other brackets. Again, the requirement relating to packing window glass in boxes containing 50 square feet instead of 100 is a hardship, because importations are received in boxes containing 100 square feet, thus saving the manufacturers of dry plates in this country an increase in packing charges and in freight rates. Witness would reduce specific rates to agree with those suggested by Mr. Hammer, of the Hammer Dry Plate Co.

PARAGRAPH 223.—MIRRORS.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Enos Porter, representing the Shelbyville Mirror Works, Shelbyville, Ind.

Hearings: Pages 1592–1594.

Costs and selling prices.—Mirrors are manufactured from a specially selected quality of window and plate glass. Owing to a change in furniture styles, about 95 per cent of the mirrors now sold are plain. These are being offered by Belgian and French manufacturers at 11 cents a foot above the price of plate glass, while domestic costs for silvering amount to 22 to 25 cents a foot. Very few such mirrors have come into this country as yet.

Size of industry.—Witness represents 150 mirror factories in the United States, with an invested capital of \$8,000,000 to \$10,000,000 and employing 4,000 to 5,000 men in normal times.

Rates suggested.—A rate of 10 cents per square foot on mirrors in addition to the specific rates provided for on the polished plate glass, unsilvered, provided that none of the foregoing shall pay a less duty than 35 per cent ad valorem.

PARAGRAPHS 225, 226, 227, AND 228.—OPTICAL GLASS AND INSTRUMENTS.

WITNESSES AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Harvey N. Ott, representing the Spencer Lens Co.
Bausch & Lomb Optical Co., Rochester, N. Y. (Brief.)
The Libbey Glass Manufacturing Co., Toledo, Ohio. (Brief.)

Hearings: Pages 1594-1595.

Witness: Mr. Harvey N. Ott.

Costs and selling prices.—The average cost of manufacturing crude optical glass in witness's plant at the present time is \$2.43 per pound. Assuming that the proposed 35 per cent ad valorem duty is enacted on American valuation, foreign dealers could still lay down their material in the United States market for \$2.20 per pound. This figure is based on quotations offered to dealers in the United States at the present time.

Optical instruments of German manufacture are being sold here at prices considerably higher than those obtained in the German market. Witness cited the case of a visitor to Berlin obtaining a price on a German instrument at 900 marks, or approximately \$12. This instrument sells here for \$36 and the difference goes into the pocket of the German manufacturer. Another instrument, costing in Germany \$21.75 per dozen retail, is sold for export to America at \$52.40 per dozen wholesale. This difference can be decreased or increased at will by combinations of manufacturers to neutralize the effect of tariffs levied here and in other countries. The German instrument workers struck last January to obtain an increase in wages from 7 marks to 8½ marks per hour. They now receive 12 or 13 cents an hour, while skilled workers here receive from 30 to 75 cents.

Rates suggested.—A duty of 50 per cent ad valorem in place of the proposed rate of 35 per cent on optical glass and 45 per cent ad valorem in place of the 35 per cent on optical instruments.

Witness: Bausch & Lomb Optical Co., Rochester, N. Y. (Brief; no appearance at hearings.)

Costs and selling prices.—In nearly all optical products the proportion of material averages approximately 25 per cent, and labor 75 per cent.

Comparability.—The labor scale in England and Germany compared to the United States is in the ratio of at least 1 to 4 in the first instance, and more than 1 to 10 in the second instance. Prices for corresponding commodities were given in a brief presented to the Committee on Ways and Means on January 6, 1921. Comparison of prices shows a very large differential in favor of European makers, which only a tariff based on the American valuation plan can equalize.

Attention is directed to paragraph 573 of the act of 1913 permitting the duty-free importation of philosophical and scientific apparatus for religious, philosophical, educational, scientific, or military purposes, etc. This is a most vicious blow to American industry. Bad enough before the war when exchange values were normal, it is under present conditions prohibitive, and if permitted to exist will

close the shops to American labor. It is asked that this clause be eliminated, and that a duty be provided which will encourage the manufacture and further development of apparatus in this country.

NOTE.—This feature is provided for in H. R. 7456, paragraph 360, at 40 per cent ad valorem.

The brief gives a list of manufacturers of different optical products in England, France, and Germany.

Remarks.—The brief calls attention to the importance of the industry in the conservation of vision, in the preservation of health, in industrial research, in educational work, and in the preservation of peace. Competition comes principally from Europe: England in the manufacture of glass and optical instruments; France in similar apparatus and lenses for eye use; and Germany in a general supply of optical products. It is the latter competition that was the most severe prior to the war and is again making extreme efforts to recapture the American market. The manufacture of optical glass is a key industry, as no optical instruments can be made without this product. Before the war no optical glass was made in this country; the necessity of war products developed the industry, and without substantial protection it can not be maintained.

Witness: The Libbey Glass Manufacturing Co., Toledo, Ohio. (Brief; no appearance at hearings.)

Size of industry.—Prior to 1914 the market for gauge glass, both high and low pressure, was entirely controlled by imports from Germany, England, and Scotland. German glass was developed beyond the others, and was conceded to be superior, especially in tensile strength and resistance. It was used by the Navy Department and the leading railroads. Beginning in 1916, when the situation became acute, owing to the shortage of foreign supplies, the Libbey Co. engaged in extensive experiments, resulting in the development of a glass equal to any on the market. It has passed the tests of the Navy Department. Germany is now making efforts to regain the trade she formerly held, and is selling glasses in this country at prices far below prewar quotations.

Rates suggested.—It is requested that the gauge glass industry be considered in a class with optical glass, and given protection sufficient to allow it to survive the infant stage.

PARAGRAPH 230.—STAINED GLASS.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OF HIGHER DUTIES:

Mr. Otto Heinigke, representing National Ornamental Glass Manufacturers, New York City.

Artists, painters, and lead glaziers engaged in the manufacture of stained glass windows, in Philadelphia. (Brief.)

Hearings: Pages 1595–1600.

Witness: Mr. Otto Heinigke.

Costs and selling prices.—Labor in the United States for the stained-glass window industry averages \$1 per hour. Floor painters receive \$1.50, as against 20 cents in Germany. The entire manufacturing operation is handwork, no machinery being used or possible. Labor forms 70 per cent of total cost of production.

granite plant in the United States. They formerly employed 230 men, but now employ only 40. The industry is employing about 25 per cent of the normal number of employees, and the witness has no doubt that on the 1st of January (1922) it will close down entirely. Cook, Watkins & Co. have about \$200,000 invested. The Jones Bros. Co. imported last year about \$20,000 worth of granite out of a total business of \$600,000 to \$1,000,000.

Comparability.—The witness exhibited the principal imported granites—a jet black, a green, a very dark green, and a reddish green granite—and stated that “we have no granites in this country like these.” The only reason for importing is to give variety.

Rates suggested.—An increase in the duty on granite monuments is unnecessary. The present ad valorem duty of 25 per cent prevents the importation in any sizable quantity, and to increase the duty, or to have it based on American valuation, would kill the sale and deprive the Government of revenue. Certainly, American manufacturers of granite monuments do not need protection, as is shown by the various comparative costs. An increase to 25 per cent or 40 per cent American valuation, would defeat the only remaining reasons for a tariff, namely, revenue. The witness therefore recommends that the present tariff of 25 per cent ad valorem on granite be maintained or, if American valuation is adopted, the rate should be reduced to correspond with the present 25 per cent duty on granite monuments.

SCHEDULE 3.—METALS, AND MANUFACTURES OF.

PARAGRAPH 301.—PIG IRON AND SCRAP.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. John W. Logan, representing the Alan Wood Iron & Steel Co., Philadelphia, Pa.

Hearings: Pages 1631–1633.

Witness: Mr. J. W. Logan, representing the Alan Wood Iron & Steel Co.

Costs and selling prices.—Of the selling price of pig iron to-day 70 per cent represents transportation. The transportation charge in Pennsylvania on a ton of pig iron is greater than the entire selling price of basic pig iron in Belgium, and greater than the price of pig iron sold in eastern markets in 1914. In 1914 pig iron was sold and delivered in eastern Pennsylvania for \$14 a ton. At that time the transportation charges represented about 50 per cent of that selling price. To-day, pig iron is selling at from \$19 to \$20 a ton, 70 per cent of which represents transportation. This transportation is represented by the freight rates on Lake Superior ore and on coal and limestone. The Iron Trade Review of August 4, 1921, quotes Belgian basic pig iron at 175 francs per metric ton, equivalent to \$13.30 per ton. Belgian pig iron can be delivered on the Atlantic seaboard for this price, plus not over \$5 per ton.

Scrap iron and steel, unlike pig iron, is not a manufactured product, but results from the tearing down of buildings, etc., on account of obsolescence or otherwise. Scrap iron ordinarily sells for about two-thirds of the price of pig iron.

Rates suggested.—Restoration of the duty of \$2.50 per ton on pig iron contained in the act of 1909. The duty on scrap should be at least \$1.50 per ton less than the duty on pig iron.

ALLOY ORES.

PARAGRAPH 302.—SILICON.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING LOWER DUTIES:

Mr. Harold H. Burton, Cleveland, Ohio, representing Dr. Aladar Pacz, director of scientific research, Alpax Research Laboratories, of Cleveland; the General Aluminum & Brass Manufacturing Co., of Detroit; Mr. J. W. Knapp, of the Precision Dye Casting Co., of Syracuse, N. Y.; the Hon. William L. Day, formerly judge of the United States District Court for the Northern District of Ohio, and now associated with Dr. Pacz in the development of silicon and aluminum alloys; Thomas E. Monks, Cleveland, Ohio, vice president of the Guardian Savings & Trust Co.

Hearings: Pages 1633-1641.

Costs and selling prices.—Silicon, used in the manufacture of Alpax alloy, a combination of silicon and aluminum (85 per cent aluminum and 15 per cent silicon), sells at present at 14 cents per pound. In its production, by means of water power, from silica sand the labor cost is a negligible quantity.

Size of industry.—In the United States there is only one consumer of silicon—the General Aluminum & Brass Manufacturing Co. While ferrosilicon has been manufactured in large quantities in the United States, silicon metal, or silicon with 5 per cent or less of iron, has been produced in this country in extremely limited quantities. Practically all silicon metal has been imported from France and Switzerland.

Rates suggested.—The free importation of metallic silicon is recommended. Amend paragraph 302 by striking out the words "and silicon metal" immediately following the words "90 per cent or more of silicon" in line 20 on page 40 of the Fordney bill, and by inserting in the paragraph after the word "therein" in line 22 on page 40, the words "*Provided, however,* that silicon containing 5 or less per cent of iron shall be classified as silicon metal and that no duty should be imposed upon it or upon its silicon content."

The witness contends that silicon metal or silicon containing 5 per cent or less of iron is entirely distinct from ferrosilicon, used in the manufacture of steel. The market for silicon metal depends solely upon the silicon aluminum alloy known as Alpax. Silicon is now being manufactured, among other places, in France and in Switzerland, and it is being purchased at 14 cents per pound by the General Aluminum & Brass Manufacturing Co., the principal present licensee under the United States Alpax patent. The Fordney bill, by placing a duty of 8 cents per pound on this grade of silicon, would raise the price of silicon metal from 14 cents to 22 cents per pound.

Remarks.—In a letter of September 22, 1921, addressed to the chairman of the Senate Committee on Finance, Mr. Frederick M. Becket, chief metallurgist of the Electro Metallurgical Co., New York City, takes exception to certain statements made by the witness. In particular, he characterizes as "absolutely erroneous" all statements,

whether in testimony or in brief, to the effect that "silicon metal containing 5 or less per cent of iron has not been obtainable in the United States up to a date as late as July of this year."

After referring to interviews and correspondence embodying commendation, on the part of Dr. Pacz, regarding researches and experiments in this field by the Electro Metallurgical Co. Mr. Becket points out that Dr. Pacz, in the face of his commendation, is now asking that this substance come in free. Mr. Becket goes on to say that, since September, 1920, his company has regularly furnished to manufacturers of aluminum-silicon castings, a high-grade silicon aluminum alloy containing approximately 60 per cent silicon and 40 per cent aluminum, guaranteed to have an iron content of not over 1 per cent, and during 1921 the company has furnished to those manufacturers for the same purpose silicon metal containing less than 1 per cent iron and over 97 per cent silicon. In January, 1921, the company had in stock about 300,000 pounds of the last-named product. Moreover, the company has produced silicon metal in commercial quantities containing over 98 per cent silicon and less than one-half of 1 per cent iron.

PARAGRAPH 302.—MANGANESE ORE.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Charles W. Potts, representing himself and producers of manganiferous ores in Minnesota and of high-grade manganese in Arkansas; address, Deerwood, Minn.

Hearings: Pages 1675-1696.

Size of industry.—The witness had been induced by Government requests and demands to enter the mining of manganese, and the companies now represented have spent about three-quarters of a million dollars in attempting to produce these manganese ores. Under the stimulus of governmental demands in war time, \$15,000,000 was invested in developing the manganese-ore industry.

Reserves.—After stating that there are 30 States in the Union in which manganese ore is known to exist, the witness referred to maps showing the method employed in investigating the mineral deposits of the properties in which he and his associates are financially interested. He laid stress on the accuracy of the work which led him to conclude that there are reserves amounting approximately to 10,000,000 tons of high-grade manganese ore—containing about 40 to 50 per cent manganese—20,000,000 tons of ferruginous manganese ore, containing from 10 to 35 per cent manganese, and 36,000,000 tons of manganiferous iron ores. He expressed the belief that if those ores were all utilized in the steel business, as he believes to be possible, the manganese reserves of the country would last as long as the iron-ore reserves.

In his brief Mr. Potts states that the data accumulated point toward a reserve tonnage of domestic manganese ore as follows:

	Tons.
High-grade manganese, 35 per cent and over.....	10,000,000
Ferruginous manganese, 10 to 35 per cent.....	20,000,000
Manganiferous iron ore, 5 to 10 per cent manganese.....	45,000,000

Sixty times as much ore had been taken out of the Butte district as the Government geologists conceded to exist there and, according to commercial estimates, there are several million tons of high-grade manganese ore still remaining. It should be borne in mind, the witness said, that there are 462 other districts in the United States capable of producing manganese ore.

The Tariff Commission's report on manganese—No. 21, 1920.—Remark that the purpose of any report is to achieve a result of conservative accuracy, the witness alleged that an obvious injustice had been done in No. 21 of the reports of the United States Tariff Commission for 1920. There were, he continued, so many inaccuracies in the statements, and the method of presenting data was so irregular, that it is unsafe to accept the statements and reports therein contained as final and conclusive. He characterized as incorrect the statement that there were in this country in 1918 only 699,750 tons of high-grade manganese ore, with an additional tonnage of 1,130,000 tons. That estimate was based on the Geological Survey and various other publications, a number of which are five or six years old and out of date as far as manganese ore reserves in this country are concerned. While part of the information is taken from publications dated in 1918 or later, much of it is compiled from investigations made years previously and before the extensive development of manganese mining in 1918. Other parts, obtained by superficial investigations hurriedly made during the war period, do not reflect the accuracy required by operating mining companies. The report, while citing Mineral Industry, a highly accredited publication, fails to take into account the context of the cited report.

According to the brief, the body of the Tariff Commission's report on the manganese situation is unfair to that industry in not accurately quoting the authorities it cites and in the method employed in presenting data. The inaccuracies are interwoven with reliable data in such a manner that close scrutiny is required by anyone not intimate with the subject to differentiate between sound and unsound conclusions, "the effect of which is primordially inimical to the manganese industry of the United States."

According to the report, "the amount of high-grade ore * * * in sight has been estimated at only 699,750 tons, with 1,130,000 tons more in prospect." This quotation of the authority cited (U. S. Geol. Sur., 1918) is inaccurate and, without close scrutiny, leads to the unsound conclusion that the only ore that can be expected is the minimum tonnage quoted.

The brief states that there is not much difference between the Brazilian ores, fallen below the old standards until anything over 40 per cent is acceptable, and the domestic high-grade ores "about 40 per cent," yet such facts are either withheld in part or presented in such a manner that the closest scrutiny must be employed to prevent a perverted conclusion. Furthermore, information from reliable sources, favorable to greater tonnage of reserves, is classified in the report as "unauthenticated" and relegated to obscure footnotes. Again, in spite of their importance, the ferruginous manganese ores are confused with the lower grades and their existence is ignored in the report.

The iron content of the manganiferous iron ores and the ferruginous ores is of great economic importance, yet the re-

port makes no mention of that fact. The failure to state that the other constituent of these ores is iron rather than useless rock does an injustice to the subject of reserves and does not achieve the conservative accuracy expected in an unbiased report.

Reports of the United States Geological Survey—Government calculated estimates contrasted with the facts.—According to the reports of the United States Geological Survey, the figure 699,750 represents the total tonnage of domestic high-grade manganese ore reserves actually proved in 1918, and is still considered by the Survey and the Tariff Commission as the only authentic estimate. The brief assumes that the Government geologists have approached the investigation of domestic reserves with pessimism, and goes on to refer to a visit paid by the witness to the geologist of the Geological Survey who examined the Arkansas district and whose estimate of the manganese ore of the Batesville (Ark.) district was about 250,000 tons. He gave the witness the figures of his estimates of various properties, mentioning one being operated by the witness. According to the geologist's estimate of a certain grade of ore, there were only 2,000 tons on that particular property, although last year, in a little over 60 days, 2,600 tons were mined with work barely started. From the available data the witness believes that property to have more ore on it than the report of the Geological Survey credits to the whole Batesville district of Arkansas.

The World Atlas of Commercial Geography, published this year, 1921, is compiled from information available in 1913, and the latest report issued on manganese and manganiferous ore reserves in the United States, dated April 6, 1921, is based upon out-of-date information.

The witness referred in his testimony to investigations and reports made by E. C. Harder and D. F. Hewitt, geologists of the Geological Survey, in 1918, showing domestic reserves of manganese ore amounting to 699,750 tons, including 2,800 tons in the Butte district of Montana. Their report had been printed and reprinted four times up to April 6, 1921, the Butte volume of 2,800 tons appearing each time, although 166,650 tons had since been shipped from that district, as shown by reports of the Geological Survey. This 166,650 tons was manganese ore.

Referring to another portion of the Geological Survey reports of 1918 describing the deposits in the Butte district, the witness drew attention to the statement made that while no good basis exists for computing the exact tonnages, descriptions given by those who have had opportunity to observe them leave no room for doubt that the aggregate amount of such bodies is very large. In spite of that statement, he remarks, these large deposits of manganese were totally ignored by the writers when tabulating the total domestic reserves.

After claiming to have proved that the Geological Survey estimates of reserve tonnages of manganese ore in the United States are inaccurate and that all of these inaccuracies tend to minimize the tonnage and importance of domestic grades, the brief describes as unfair any estimate of the life of domestic reserves which does not take into account all classes thereof and all satisfactory metallurgical practice. The brief proceeds to refer to data collected within the last few months proving that the tonnages of reserve ore are vastly

in excess of Government estimates in practically every instance in which a check has been made.

Thus, a mine in the Batesville district of Arkansas, credited with only 5,000 tons of high-grade managanese ore, has been proved by the owners to contain 45,000 tons with an approximate 50 per cent metallic manganese content. They also claim 75,000 tons of probable ore and 350,000 of possible ore as a result of their investigation.

Another mine comprising 600 acres in the Batesville district of Arkansas, credited with 2,000 tons of ore of a certain grade, in addition to 10,000 tons of high-grade ore, gives indications of a total tonnage of approximately 2,500,000 tons. Of this approximately 125,000 tons is high-grade manganese ore of over 46 per cent metallic manganese.

The reports of the Geological Survey for the entire Batesville district estimate manganese reserves as follows: Ten thousand tons of high-grade ore, with an additional reserve prospect of 160,000 tons, and a tonnage of 160,000 tons of ore containing 5 to 35 per cent manganese. As against this the brief cites the sworn statement of a mining engineer familiar with the district, claiming the existence of approximately 5,000,000 tons of ore containing 35 per cent or more of manganese.

As regards the Geological Survey estimate of 2,800 tons of high-grade manganese ore for the Butte district of Montana, the owners of one mine give the tonnages of their property as follows: Developed ore, 198,000 tons; probable ore, 800,000 tons; possible ore, 840,000 tons; making a total of 1,850,000 tons of proven ore and additional ore in prospect, grade 37 to 40 per cent.

In the case of the Cuyuna Range in Minnesota, 25 properties are estimated in the Geological Survey's report to have contained in 1917 13,628,000 tons of manganimiferous ore ranging from 5 to 35 per cent manganese content. According to the estimates of a prominent explorer and developer of this range, who has put down approximately 700 drill holes in the district, there are approximately 36,000,000 tons of this grade of ore disclosed, with an additional tonnage in prospect bringing the amount to between 50,000,000 and 60,000,000 tons, of which 25 per cent carries more than 12 per cent metallic manganese.

The result of up-to-date investigations is to prove that the reserves of high-grade manganese ore are approximately 10,000,000 tons; that there are approximately 20,000,000 tons of ferruginous manganese ores; and that ores of this class contain 10 to 35 per cent manganese and sufficient iron ore to make them highly advantageous in steel making. Similar investigations prove that the Cuyuna Range of Minnesota has a vast tonnage of manganimiferous iron ores, all of which have been satisfactorily used in steel making.

Rates suggested.—The schedule in the Fordney bill as approved by the House meets with witness's approval. If this duty of 1 cent per pound on the metallic content is retained in the bill, the domestic mines will be able to supply from 50 to 75 per cent of the annual requirements during the first few years and eventually the entire yearly requirements. All ore containing 15 per cent or more of manganese should be included in this schedule. Unless the manganese-bearing ores containing manganese down to 15 per cent are made dutiable, importers would be able by manipulation and mixing to bring in vast quantities of foreign manganese and thus evade the law. It is also

important that the manganese alloys be protected, in order to prevent foreign manganese from flooding American markets.

PARAGRAPH 302.—MANGANESE-BEARING ORE.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. George H. Crosby, representing himself, as discoverer and explorer of minerals; address, Duluth, Minn.

Hearings: Pages 1669-1674.

Size of industry.—Since the discovery of the Cuyuna iron and manganese range about 2,800 holes have been drilled, varying in depth from 60 to 1,000 feet. Of these 2,800 holes, the witness personally drilled 700 on something like 20 properties, 8 of which have become producers of manganese-bearing ore. During 1918 there was shipped from the Cuyuna Range 860,000 tons of manganese-bearing ore. From all localities there was shipped 305,000 tons of high-grade manganese ore, running 40 per cent or better.

Upward of \$7,000,000 has been spent in development on the Cuyuna Range, and at the present time only 2 mines are operating, against 24 during 1918 under war demand.

Out of 23 mines on the range producing manganese ore, there is not one running and producing ore to-day. Out of 39 mines on the range formerly producing manganese and iron ore, there are only 2 mines running. The witness personally spent, in trying to produce manganese for war purposes, \$1,450,000 in the development of mines in Minnesota.

Reserve.—The reserves in the United States are as follows: Thirty-six million tons of ferruginous manganese ore, over 20,000,000 tons of high-grade manganese ore running over 40 per cent manganese. Approximately 25 per cent of the 36,000,000 tons, or 9,000,000 tons, of the manganese-bearing ore of the Cuyuna Range contains manganese 12 per cent or better. The other 75 per cent of the manganese-bearing ores, 27,000,000 tons, contains approximately 7 per cent manganese. This 75 per cent is all capable of utilization in making high-manganese pig iron.

According to the reports issued by the Geological Survey, there are only 13,628,000 tons of manganese-bearing ore, containing 5 to 35 per cent manganese, in the Cuyuna Range district. No figures are given for any additional reserve in prospect. There were in 1913, 24 mines on the Cuyuna Range producing or preparing to produce manganese-bearing ore. The witness can name two out of this group that contain more ore than the Geological Survey says exists in the whole district. The Sagamore contains 11,000,000 tons; the Ida May, 4,000,000. The proved tonnage of Cuyuna Range is 36,000,000 tons. The Government report minimizes the importance of the ores of the Cuyuna Range by ignoring the probable ore. There is an additional tonnage of probable ore, not capable of definite calculation but of certain existence, which would undoubtedly increase the reserve tonnages to approximately 50,000,000 tons.

Practice.—Standard grades of iron ore contain almost no manganese. The prevailing furnace practice consists in adding the manganese at the time of pouring the steel. When they use 80 per cent

ferromanganese, they use about 15 pounds to the long ton in the bath, added in lump form while the steel is in the molten state. It is not added for hardening properties but for its purifying effect. If the prevailing practice utilized the manganese-bearing iron ore, no tariff would be needed to protect it, but the steel manufacturer prefers to use the manganese ore coming from foreign mines instead of the domestic supply.

The manganese content of the manganese-bearing ores is capable of utilization in the manufacture of steel. Two different methods have been practiced, one comprising the manufacture of a manganese alloy known as spiegeleisen, used in the Bessemer process of steel making; the other in the making of high manganese pig iron, which also has been used in steel making. This eliminates the adding of manganese to the steel bath at the time of pouring in the large amounts now used where all the manganese is added in the form of 80 per cent ferromanganese. There are numerous publications tending to prove that this practice is entirely satisfactory, producing a steel of a better grade than that produced by other practices.

Equivalent.—The average content of manganese in the 36,000,000 tons of manganese-bearing ores of the Cuyuna Range district of Minnesota is about 9 per cent. Thirty-six million tons of 9 per cent manganese-bearing ores is equivalent to approximately 5,000,000 tons of high-grade manganese ore containing 45 per cent manganese.

Rates suggested.—Unless manganese ore has a protective tariff, the domestic mine owners and operators will be obliged to abandon their properties, as they can not compete with the cheap mining costs of ores from Brazil, India, and Russia, where low labor costs prevail. The witness would have the minimum grade placed at 20 per cent instead of the 30 per cent proposed in the bill. At 30 per cent it would permit Spanish ore to come in free, as Spain has large quantities of ore of the same character as that in the Cuyuna Range. This Spanish ore is mined with cheap labor and transportation, and its admission would affect the domestic industry.

PARAGRAPH 302.—MANGANESE ORE.

Witness: Mr. George Otis Smith, Washington, D. C., United States Geological Survey.

Comment on the charges of Mr. C. W. Potts.—In communications dealing with Mr. Potts's testimony and brief, the director of the Survey characterizes as untrue Mr. Potts's charges that the Survey's estimates of manganese ore reserves are based upon superficial examinations and obsolete reports, and that the examinations were undertaken with pessimism. The further charges that the reports of reserves in the Butte district are not consistent with reports of production and that data from the World Atlas of Commercial Geology were based upon material available in 1913 are not only untrue but arise out of Mr. Potts's very superficial examination of and careless reference to the respective publications. Mr. Potts has refused, for the present at least, to give the Survey access to the data and methods by which his estimate of 10,000,000 tons of 42 per cent ore was reached. Further, by partial statements and by the incorrect use of data submitted to him, he has reached conclusions which are obviously unsound.

There is fair assurance of the existence in domestic deposits of about 1,800,000 tons of material containing more than 35 per cent manganese—a quantity sufficient to make about 75,000,000 tons of steel by present practices. If the larger reserves of lower-grade material be considered, making proper allowance for necessary adjustments in steel plants and processes, the combined reserves are probably sufficient to make about twice as much steel, or 150,000,000 tons.

The Survey's estimate contains two figures—one of dependably recoverable quantities, and the other of additional reserves in prospect. That there may be more manganese ore in the United States than the sum of these two quantities has not been denied by the Survey. It has simply been stated that in the light of the work done during 1917 and 1918, including search, exploration, and examination, it seems highly improbable that there is twice as much as the 1,800,000 tons of high-grade manganese ore included in this estimate.

The testimony and brief of Mr. C. W. Potts.—Mr. Potts admitted to Mr. Hewett, a representative of the Geological Survey, that he obtained his estimate by multiplying the Survey's estimate by a factor; he flatly refused, however, to show Mr. Hewett the data or to explain the methods by which he arrived at his own estimate of manganese reserves.

Answer to Mr. Potts's objections to the Survey estimate of manganese reserves.—

1. In the paper by Messrs. Harder and Hewett, of the Survey, to which frequent reference was made by Mr. Potts, it is stated: "This part of the work (estimation of reserves) was approached with a certain apprehension, for it was recognized that for *most districts* neither the extent of explorations nor time available for the work would permit the order of accuracy that most mining companies require as guides in operating." This statement is clearly the basis for Mr. Potts's charge that the investigations were admittedly superficial (p. 1677) and that the work was not thorough (p. 1686).

Appended to Mr. Smith's comments is a tabulated summary of reserves prepared by Messrs. Harder and Hewett, discriminating between "detailed" and "reconnaissance" work and indicating whether or not estimates might warrant review. This is alluded to as showing that the examinations were not superficial.

Of the 1,181 deposits considered, 588 lie in districts where the work was of detailed character, involving the preparation of geologic maps. It will be noted that the reserves of high-grade ore in these districts make up 80 per cent of the total in the United States, and almost the entire amount of the additional reserves in prospect if the carbonate ore of the Butte district be omitted. The reconnaissance work was done in districts mostly offering small promise of reserves of high-grade ore, although a number of districts containing low-grade ore were considered in this manner only. The Survey has never had any doubt that the reserves of low-grade manganese ore were adequate to meet any needs that the steel industry would impose for some years to come.

2. It is stated (pp. 1684 and 1694) that the data upon which the Survey's estimates of reserves are based are obsolete.

It should be stated in this connection that, of the nine regions cited, subsequent reports to the Survey show that little or no exploration work was done after examination by the Survey geologists.

An analysis of the table of reserves prepared by Messrs. Harder and Hewett shows that of the total estimate of high-grade reserves, 417,000 tons, or approximately 60 per cent of the proved total, are in districts where the field work was completed as late as June, July, August, September, and October, 1918. After considering the table of reserves in the light of the reports submitted to the Survey by mine operators up to the end of 1920, it appears that the estimates for the districts containing more than half of the reserve of high-grade ore are still reliable. In several of the districts containing the remainder, recent work has probably justified an increase in the estimates.

3. It is indicated by Mr. Potts (pp. 1690 and 1691) that the production reports are not consistent with the statements of reserves.

Although it was stated by him that the Survey has never changed an estimated reserve of 2,800 tons of high-grade ore in the Butte district, he admitted to Mr. Hewett that he had never read the following footnote to the table where this figure appears: "All recorded deposits of oxide ores examined; estimate does not include large deposits of carbonate ore, 35 to 38 per cent manganese." Mr. Potts further stated that he had not read the original report from which the Butte estimates are taken and in which it is stated: "The known workable bodies of this ore (carbonate) aggregate several thousand tons and there is reason to expect that further developments will disclose large additional amounts." A more recent report contains this statement: "The quantity of rhodochrosite ore reported as actually developed early in November, 1918, was more than 125,000 tons. To this reserve should be added an unknown and presumably very large amount in prospect. In addition, the lodes contain an almost unlimited quantity of low-grade material consisting of the carbonate and silicate of manganese and quartz mixed in different proportions. This constitutes a reserve from which, if the necessity arose, the country's needs might be largely supplied."

Although a definite estimate has not been assigned to the reserves of carbonate ore in the Butte district, the knowledge concerning these bodies has been taken into consideration in summary statements concerning the prospective production from domestic sources. Great dependence has never been placed by the Survey on a large part of the reserves of the district, even at the prices prevailing during the war, because it has no record that any qualified engineer or geologist has stated that the bodies could be explored profitably for manganese ore alone. The entire production of carbonate ore from the Butte district to date has come from mines which have been thoroughly explored, in advance, to extract bodies of copper and zinc ore. No charges for development of the bodies have, therefore, had to be borne by the production of manganese ore.

Mr. Smith goes on to note that Mr. Potts refers several times (pp. 1677 and 1692) to two mines in the Batesville district having produced more ore than the reserves assigned by the Survey geologist to them. The only explanation that can be offered at present is that the estimate for these particular mines was low. Such a discrepancy does not necessarily indicate, however, that the total estimate for the district was low.

4. Mr. Potts makes statements (pp. 1678 and 1684) tending to show that recent reports of the Survey concerning mineral production and reserves of manganese ore are old and out of date. To substantiate that claim he cites the World Atlas of Commercial Geology, published in 1921, and states that "the data upon which this report is based were compiled from information available in 1913." Not only does this publication, the first of its kind, contain practically complete information concerning mineral production throughout the entire world for the year 1918, not available until late in 1919, but Mr. Potts admitted to Mr. Hewett that he had never read the text on manganese in this report, nor a table in it, but made the statement on the basis of a reply to a question of his by one of the clerks of the Survey. In the discussion of world production of minerals, the year 1913 was considered representative because it was the last normal year.

5. Mr. Potts states (p. 1690): "Apparently the Government geologists have approached investigation of domestic reserves with pessimism."

There is abundant record in the form of summary reports to the Council of National Defense, the War Industries Board, and the Shipping Board during 1917 and 1918, as well as the testimony of many producers of manganese ore, that the attitude of the geologists was quite the reverse and that they were constantly insisting upon provision for the use of the steadily rising production and upon a dependence upon domestic reserves.

6. Mr. Potts's brief states (p. 1691): "It has also been proved that the estimate of the period of time which these reserves would last this country is based only upon an estimate of high-grade ore which is belittled, and that that estimate does not take into consideration lower-grade manganese ores or the manganese ore associated with iron ore; nor does it take into consideration the metallurgical adaptability of all our ores in steel making." This statement is made in spite of the following paragraph, taken from one of the reports to which he refers several times: "The widespread utilization of low-grade in place of high-grade material undoubtedly presents imposing metallurgical problems. To the optimistic observer, incompetent to consider these problems in detail, the progress made to this end in 1917 and 1918 offers considerable encouragement. The large reserves of the low-grade material can probably be depended upon under stress to double the probable life of the high-grade ore."

A careful examination of Mr. Potts's testimony and brief to the Senate Finance Committee, in the light of the foregoing statements, leads Mr. Smith to conclude that their author is more concerned with discrediting the Survey as a source of accurate and prompt information than he is in supplying evidence for the case which he presents. This attitude might be pardoned if there were not abundant evidence from his brief that, in order to strengthen his argument, he uses short-cut and questionable methods to reach his own estimate, quotes partial statements which convey a meaning different from the original text, and fails to understand some of the critical data used by him. Mr. Smith comments hereon as follows:

(1) At the time of his appearance before the Senate committee, August 26, 1921, Mr. Potts stated (p. 1693): "From the data

already accumulated the evidence points to a reserve tonnage of domestic manganese ore as follows:

	Tons.
High-grade manganese, 35 per cent and over.....	10,000,000
Ferruginous manganese, 10 to 35 per cent.....	20,000,000
Manganiferous iron ore, 5 to 10 per cent manganese.....	45,000,000

Also (p. 1694): Up-to-date investigations *prove* that the reserves of high-grade manganese ore are approximately 10,000,000 tons."

In order to justify his estimate of 10,000,000 tons of high-grade ore, Mr. Potts, in conference with Mr. Hewett, stated that it was obtained by multiplying the total reserves, as published by the Survey, by a factor considered by him to be dependable from his recent data applying to a few districts. He further admitted that he had no data, other than those of the Survey, concerning several of the most productive districts.

(2) Concerning the estimates of reserves of domestic high-grade manganese ore, Mr. Potts quotes (p. 1687) this statement of Messrs. Harder and Hewett: "The estimates represent little more than the order of magnitude of minimum recoverable quantities," thus suggesting that they apply to the whole country. In the original context the statement applies only to the estimates of reserves in Virginia, Georgia, and Tennessee.

(3) In calling attention to the small estimate, 2,800 tons, of high-grade manganese ore in the Butte district (p. 1690) Mr. Potts quotes from a letter of Albert J. Seligman to the effect that 71,000 tons of manganese ore were produced by his company in 1918 and 63,000 tons in 1920. Mr. Potts admitted, in conference with Mr. Hewett, his ignorance of the fact that these quantities represent not high-grade manganese ore but low-grade oxide ore which had to be milled to yield a shipping concentrate. This material was part of the estimated 400,000 tons of low-grade material figured by Mr. Pardee and appearing in the table of reserves.

Estimates of domestic manganese ore classified according to character of work done.

	Number deposits examined 1916-1918.	Manganese, 35 per cent.		Manganese 5 to 35 per cent, largely more than 20 per cent SiO_2 , less than 30 per cent Fe.		Manganese 5 to 35 per cent, largely more than 30 per cent Fe, less than 20 per cent SiO_2 .	
		Reserves.	Additional reserves in prospect.	Reserves.	Additional reserves in prospect.	Reserves.	Additional reserves in prospect.
(a-1) Detailed work: Estimates highly dependable.....	40	Tons. 178,000	Tons. 350,000	Tons. 116,450	Tons. 230,000	Tons. 5,000	.....
(a-2) Detailed work: Deposits such that further work may warrant revision....	548	387,000	280,000	235,000	250,000	15,000	100,000
(b-1) Reconnaissance work: Estimates highly dependable; little or no exploration since examinations.	211	89,750	(?)	597,330	(?)	3,800	.....
(b-2) Reconnaissance work: Deposits such that further work may warrant revision.....	296	50,000	(?)	460,200	(?)	2,508,000	2,060,000
(C) Not examined by Survey....	25	.....	.....	.....	.....	13,623	(?)

In a statement supplementary to the one above given Mr. Smith takes occasion to correct any possible misunderstanding that might arise with reference to the deposits of ore in the Emma mine at Butte, Mont. Figures of ore shipments for 1918 are already on record with the Geological Survey, having been confidentially reported in 1919 by the Anaconda Copper Mining Co.

Mr. Smith goes on to observe that there is no question about the large deposits of manganese carbonate ore in the Butte district; their importance was recognized by the Survey in 1917. At that time no tonnage estimate was regarded as possible, but the high quality of these ores was stated in the Survey report on "Manganese at Butte, Mont.," published in April, 1918. Issued later in the same year the Survey's table of manganese ore reserves in the United States specifically states that the estimate of tonnage given "does not include large deposits of carbonate ore, 35 to 38 per cent of manganese." What seems to be an error in a paragraph of Mr. Smith's testimony in the hearings is in the mention of the concentration of low-grade oxide ore, concentrated low-grade oxide ore being there confused with the shipments of high-grade manganese carbonate ore from the Emma mine. In the concluding paragraph of a letter addressed by Mr. Smith to Doctor Page, then chairman of the United States Tariff Commission, the essential fact was brought out that the large shipments from the Emma mine in 1918 and 1920 were of a notably different character from the 2,800 tons of high-grade oxide ore estimated by the Geological Survey.

PARAGRAPH 302.—TUNGSTEN ORE.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Nelson Franklin, representing tungsten-ore producers; address, Denver, Colo.

Hearings: Pages 1696-1706.

Costs and selling prices.—Domestic costs averaged \$13 per unit of 20 pounds as against foreign costs ranging from \$1.25 to \$4. As given in previous testimony before the Senate Finance Committee (pp. 36-40 and 51-55), the operating costs of three of the largest and best equipped mines in this country were:

Class of mining.	Cost per ton of ore.	Cost per unit WO ₃ .	Per cent WO ₃ in ore.	Name of mine.
Quarry, low grade.....	\$3.77	\$12.83	0.294	Tungsten Mines Co.
Tunnel, medium-grade lode.....	12.80	12.89	1	Pacific Tungsten Co.
Shaft, high-grade vein.....	21.16	111.13	2.5	Atolia Mining Co.

¹ Atolia unit cost, 1918, \$8.91, but grade of ore 25 per cent less than 1918. Cost of mined ore same; cost per unit increased.

Chinese costs in 1919, according to the statement of a large importer (presented in detail), were \$5.96 per unit of 20 pounds c. i. f. Pacific ports. Of this total, only \$1.84 represented mining cost, the remainder being made up of local transportation, \$0.90; local taxes, \$2.88; and ocean freight and packing, \$0.34. (Exchange at Hong-

kong, \$1=\$0.80). A small amount of Bolivian output can compete with Chinese on a price basis.

Size of industry.—In 1917 domestic production (6,144 tons) plus imports (4,878 tons) amounted to 11,022 tons. Deducting 2,500 tons exported, the indicated consumption for that war year was 8,522 tons. Peace-time consumption will doubtless be less, ranging between the United States Geological Survey estimate of 5,000 tons and the estimate of 7,500 tons by the steel makers. The witness's estimate is 6,000 tons annually, as being the more nearly correct normal requirement. The two new mills in Nevada should produce 1,800 tons a year, and an uncompleted mill in that State and another in Arizona should furnish another 1,200 tons annually. These new mills in the Southwest should materially alter the 1918 situation reported by the Tariff Commission. In the future only about 30 per cent of the output would come from Colorado and at least 55 per cent would come from producers, exclusive of the Atolia Co. (which probably will henceforth furnish less than 15 per cent of the domestic output), in the States of California, Nevada, and Arizona. Altogether, there are 25 large, finely equipped mills in the four States mentioned, able to take care of the production from a large number of mines. These mines and mills are distinct in ownership, with no overlapping interests, and any suggestion of monopoly in any branch of the tungsten industry is absurd. There are 27 refiners of tungsten ores and 32 makers of high-speed steel, according to a tabulation of the United States Geological Survey.

Rates suggested.—Increase the duty to 57 cents per pound of metallic tungsten, which equals \$9 per unit of 20 pounds of tungsten trioxide contained in ore.

SPECIAL STEELS.

PARAGRAPHS 302, 304, 305, 307, 308, 315, AND 319.—TOOL STEEL.

WITNESSES, AND INTERESTS REPRESENTED.

REQUESTING RECLASSIFICATION:

Mr. John A. Matthews, representing the Crucible Steel Co. of America and about 25 other makers of crucible tool steel; address, New York City.

FAVORING LOWER DUTIES:

American importers of fine steels. (Brief.)

B. M. Jones & Co. (Inc.), importers, New York City. (Brief.)

Hearings: Pages 1706-1710.

Witness: Mr. John A. Matthews.

Costs and selling prices.—No definite statements regarding entire cost of production. The capital invested in a crucible-steel plant, per ton of product, is from five to six times as great as required for mills making merchant bars, structural steel, etc. The investment per ton in the former is customarily from \$300 to \$400, while in the latter it may vary from \$32.50 to \$75. The product of a tool-steel mill averages about 1 ton per man per month, while in the manufacture of tonnage steel it is from 15 to 30 tons. The labor cost involved in the manufacture of crucible steel is also greater than in the case of tonnage steel. It is because of this factor that imports of crucible and trade steel tend to increase and exports to

decrease. In the case of some high-priced steels the proportion of labor cost to total cost is as high as 85 or 90 per cent.

Size of industry.—The capital invested in the crucible tool-steel industry in the United States amounts to probably \$250,000,000, and the number of men employed from 30,000 to 40,000. During the past 12 months the employees of this industry have not had 25 per cent employment. There are about 30 mills engaged in this manufacture, and there are from 40 to 50 importers of grades which compete directly with them. While the production of open-hearth steel in the second decade of this century, as compared with that in the last decade of the last century, was tripled, the production of crucible steel was increased by only 7 per cent.

The crucible or fine steel industry is a handicraft industry. It represents in tonnage only about one-half of 1 per cent of the total steel production of the country but from 2 to 2½ per cent of the value of the total steel business.

Comparability.—The witness denies the statement that American mining steel is inferior to Swedish and affirms that this country is able to make anything made abroad and possesses double the requisite capacity.

Rates suggested.—In paragraph 302 manganese ores and tungsten ores should be kept on the free list, as the country is dependent upon the foreign product. The duty on molybdenum ore should not be over \$10 per ton. The rates on the ferro-alloys made from the ores mentioned should also be very materially reduced. In paragraph 304 there is a fundamental defect in the classification of steel products. In the case of tonnage steels, the manufacture of which is well established in the United States, the rates of duty on an ad valorem basis are higher than on crucible or finely finished steels. Thus, an examination of this paragraph shows that steel valued at 1½ cents per pound is protected to the extent of 33¼ per cent, while steel valued at just under 40 cents per pound is given a 15 cent protection, and all steels valued at over 40 cents per pound are allowed 20 per cent protection. This defect in the rates in paragraph 304 could be in large measure corrected if in line 5 of paragraph 305 the words "carbon or" were inserted before the word "nickel." Line 5 would then read, "containing more than six-tenths of 1 per cent of carbon, or nickel," etc. It so happens that nearly all crucible or fine steels are high-carbon products running well over six-tenths of 1 per cent, while the large-tonnage industry is largely made up of steels containing considerably less. It was further suggested that the last portion of paragraph 305 should be so amended that the additional cumulative duty on molybdenum and tungsten steels should apply to the entire molybdenum and tungsten contents.

If the duties on the ferro-alloys and the ores of the ferro-alloys should be reduced the rates on alloy steels in paragraph 305 could be correspondingly lowered. The criticism directed toward paragraph 304 is also applicable to paragraphs 307 and 308—that is to say, the higher the value of the steel the lower the ad valorem rate of duty. This defect, however, would be largely remedied if the proposed change in paragraph 305 should be adopted.

Paragraphs 315 and 316 cover satisfactorily ordinary commercial rod wire and coiled rolled strip, but do not adequately protect the

manufacturer of highly finished specialties, such as polished drill rod, watch-parts steel, safety-razor steel, etc. If the proposed amendment to paragraph 305 be adopted, this defect would be in large measure corrected.

Remarks.—In the manufacture of crucible and highly finished steel, the investment and labor costs are much larger than in the case of ordinary tonnage steels. The basic differences in the value of the crucible steel industry, as compared with the tonnage steel industry, have never received adequate consideration in the tariff. This has resulted in a very large proportion of all steel subjects operating to the detriment of the smaller industry, while imports of tonnage steel have been almost negligible in relation to the vast production. The gradation of duties, according to Mr. Matthews, should take into consideration this fundamental fact. Like many other steel producers, he protests against the high rates imposed in paragraph 302 on the ferro-alloys and ores of the ferro-alloys.

Witness: American importers of fine steels. (Brief; no appearance at hearings.)

The brief, in pamphlet form, is in rebuttal of certain parts of Doctor Mathews's testimony, cited above. Explaining the statement that the manufacture of crucible steel in this country has increased only 7 per cent during the last decade, while the output of open-hearth steel tripled during the same period, it is stated that the real competitors of American crucible plants are the electric and open-hearth steel departments of these same crucible plants and not foreign producers. The argument that the crucible or fine-steel industry is a handicraft industry does not apply to the majority of products made in electric or open-hearth furnaces. The importers believe that the total production of genuine crucible steel by American makers of tool steels is less than 8 per cent of their total output. The allegations contrasting the high investment per ton of product and the low output per man employed probably refer only to the actual weight of crucible steel produced and doubtless take into account the large amount of finishing work applied to such products as needle wire, razor steel, hairsprings, etc. This low average production, therefore, does not represent actual steel making, but includes highly specialized finishing work on articles classified under separate paragraphs of the tariff bill.

The claim that "the basic differences in the nature of the crucible-steel industry as compared with the tonnage-steel industry have never been given adequate consideration in the drafting of tariff bills, with the result that a very large proportion of all the imports of steel are made to the detriment of this relatively small industry," is not supported by facts. It is erroneous to claim that an importation of less than 2 per cent of actual domestic production is a detriment to the crucible or fine steel industry. Such steels are imported solely to meet the demand of American manufacturers for quality, and imported fine steels are sold at equal or higher prices than equivalent American grades. The importers of fine steels are practically all American business men with large capital investment. While they do not actually employ labor in steel making they do employ large staffs of salesmen, office and warehouse labor, carry stocks valued

in hundreds of thousands of dollars, and pay income tax, duty, personal property taxes, etc.

Attention is directed toward the possibility of reducing the proposed duties on ores and ferro-alloys, in which case proportionately lower rates of duty should be placed upon imported steels. Touching the compensatory duty on tungsten, the importers are unable to assume that the price of tungsten will increase from 40 cents per pound to \$1.12 per pound, as a result of the 72 cents duty. The duty will be only a contributing factor and the price will be adjusted by competition with other American mines. American manufacturers of ferro-alloys will take into account the probability that there are 10,000 tons of tungsten in warehouse in this country, and that a demand for the importation of tungsten ore or metal is not likely to arise for three or four years.

The contention that paragraph 304 does not give reasonable protection to certain steel products, such as needle wire, safety-razor blade steel, hairspring wire, etc., is misleading; this paragraph applies to regular steel products in the form of bars, forgings, etc., while the articles mentioned are covered in other paragraphs, as for example paragraphs 315 and 316.

Objection is made to Doctor Mathews's request that steels containing more than six-tenths of 1 per cent of carbon be included with alloy steels at a higher rate of duty under paragraph 305. To fix arbitrarily a six-tenths per cent carbon content is absolutely untenable, as a high-carbon steel does not require appreciably more labor to create than a low-carbon steel. The purpose of such inclusion clearly indicates the desire to exclude importations of fine steel, thereby setting up a monopoly. Imported fine steels should not be excluded from the American market, as this would deprive domestic consumers of the opportunity to obtain quality steels.

Many of these statements are enlarged upon in supporting letters from individual members of the importers' organization, including William Jessop & Sons (Inc.), H. Boker & Co. (Inc.), the Arthur Balfour Steel Co. (Inc.), Robert K. Greaves & Co., Hobson, Houghton & Co. (Ltd.), and Newman-Andrew Co. Mr. J. B. Smiley, secretary of the association, in a separate letter dated December 13, 1921, makes the further suggestion, in regard to the claim that paragraph 305 does not take into consideration conversion loss, that these should be viewed in the light of the fact that foreign steel makers experience the same conversion loss from the ore to the finished steel—a loss naturally reflected in the selling price or value of the imported steel and hence in the duty paid thereon. Summarizing the import situation, it is claimed (1) that the importation of tool steels represents an extremely small percentage of the tool steel produced and sold in this country; (2) that imported steels are not sold at less than American market prices; and (3) that imported fine steels are used by the American consumer only because of their superior quality.

Rates suggested.—The importers ask the retention of the present Underwood rates (on foreign invoice valuation) on the ground that they have proved adequate and fully protect the American industry. In no case should a special paragraph, such as 305, be created for

alloy steel, but if this is retained these steels should be exempted from paragraph 304 and the rate should not be more than $2\frac{1}{2}$ per cent in excess of that on straight carbon steel. The preference given in the Underwood bill to open-hearth and Bessemer steel as compared with crucible and electric steel should be retained. If some form of American valuation is adopted, the importers ask that valuation be made by comparison with the domestic cost of manufacturing on the mill floor, exclusive of selling expense, or with comparable products made by similar processes. On the basis of such American valuation, the importers request under paragraph 304 a straight ad valorem duty of 10 per cent on all crucible steels, this to cover steels made by the Bessemer, Siemens-Martin, or open-hearth processes.

A proviso is called for, admitting such steels valued at not over 4 cents per pound at a specific rate of three-tenths of 1 cent per pound and those valued at over 4 cents per pound at six-tenths of a cent per pound; no duty to be higher than 10 per cent.

The elimination of the additional 15 per cent duty from paragraph 305 is suggested, but failing this a reduction to $12\frac{1}{2}$ per cent and waiving the duties contemplated by paragraph 304 on application of paragraph 305.

The additional cumulative duty on molybdenum and tungsten should be cut in half and "chromium" should be eliminated; chromium content should be classified with silicon and manganese, since chromium in combination with carbon steels to the extent of 1 to $1\frac{1}{2}$ per cent is used only to intensify and deepen the hardening property of the carbon and does not give special qualities as in the use of larger percentages of nickel, tungsten, etc. The permitted contents of silicon, chrome, or manganese should therefore all be increased to $1\frac{1}{2}$ per cent and be confined to open-hearth, Bessemer, and electric steels.

A straight ad valorem duty of 10 per cent is asked on all articles specified in paragraphs 307, 308, and 316.

In paragraph 1441 music wire should be eliminated as belonging to paragraph 316. It is a plain steel wire, requiring no more labor in manufacturing than spring wire under paragraph 316. The technical term "music wire" is misleading, as more than 95 per cent of such wire is sold for mechanical springs and not for pianos or musical instruments.

Witness: B. M. Jones & Co. (Inc.), importers, New York City. (Brief; no appearance at hearings.)

A leaflet accompanying letter of August 11, 1921, gives a calculation showing that the duty on high-speed steel under H. R. 7456 would amount to $47\frac{1}{2}$ cents per pound as compared with approximately 11 cents under the Underwood tariff. It is stated that imports of high-speed steels are approximately 3 per cent of the total amount of such steel used in the United States and that they have yielded the Government an annual revenue of about \$150,000. It is submitted that an importation amounting to only 3 per cent of the domestic consumption is not a menace to any industry, and that the proposed rates, by absolutely excluding foreign competition, might increase the cost of high-speed steel to American consumers by \$10,000,000 per annum.

PARAGRAPH 304.—HOLLOW MINING DRILL STEEL.

WITNESS, AND INTEREST REPRESENTED.

FAVORING LOWER DUTIES:

Mr. C. F. Schwep, representing the Ingersoll-Rand Co.

Hearings: Pages 1760-1761.

Comparability.—It may be said that the old type of percussion drilling differs widely in principle from the hammer drill. The hammer drill uses a hollow steel and, instead of lifting the steel in the chuck up and down, the drill is tapped on the end. The steel receives blows at the rate of 2,000 per minute and must be able to withstand the shock of vibration. It has been found that there is something inherent in the Swedish steel, not revealed by analysis, which makes that particular steel very much better adapted for that kind of work than American steel. Swedish steel is the only imported product which enters into the manufactures of the company.

Size of industry.—The Ingersoll-Rand Co. has six plants in this country, employing about 6,000 men. It imports about 2,000 tons of hollow mining drill steel each year from Sweden.

Rates suggested.—Retention of the 8 per cent duty under the act of 1913, instead of the proposed increases under the Fordney bill.

PARAGRAPHS 304 AND 305.—HIGH-SPEED STEEL.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING LOWER DUTIES:

Mr. Arthur Balfour, managing director Arthur Balfour & Co. (Ltd.), Sheffield, England, an ex-president of the Sheffield Chamber of Commerce and ex-master cutler of Sheffield, representing a deputation from Sheffield, England, which included Sidney J. Robinson, Peter MacGregor, and J. C. Ward. Mr. Balfour represented Arthur Balfour & Co. (Ltd.); Mr. Robinson the firm of Wm. Jessop & Sons (Ltd.); Mr. MacGregor the firm of Sanderson Bros. & Newbould (Ltd.); and Mr. Ward the firm of Edgar Allen & Co. (Ltd.). In addition to these Sheffield companies, the deputation represented Sir W. G. Armstrong, Whitworth & Co. (Ltd.), of Manchester, England.

Hearings: Pages 1752-1760.

Costs and selling prices.—The witness contended that the labor cost of manufacturing high-speed steel had increased very greatly in recent times. Since 1912 the advance in wages in England had amounted to 400 per cent. Coupled with this statement, however, was the assertion that wages at present in England were coming down quite rapidly. Ordinary labor—that is, a man wheeling a barrow—gets 3 pounds 10 shillings per week. The witness stated that the cost of living in England is about 100 per cent higher than it was in 1912.

High-speed steel containing 18 per cent tungsten sells in England at 3 shillings 9 pence per pound, or about 420 pounds sterling per long ton. (NOTE.—At the exchange rate of \$3.60 per pound, this price is equivalent to about 68 cents per pound in American currency).

Size of industry.—In 1920 about \$250,000 worth of high-speed steel was imported into the United States.

Rates suggested.—It was suggested that the duty on tungsten contained in steel be reduced, in paragraph 305, from 72 cents per pound

to 35 cents per pound, and that the rate in paragraph 304 on steel valued above 40 cents per pound be reduced from 20 per cent ad valorem to 10 per cent.

Remarks.—Mr. Balfour stated that the concerns here represented had relations with American business men for a number of years past and paid local taxes in the United States. The duties on tungsten steel contained in the Fordney bill were, in his opinion, prohibitive.

PARAGRAPHS 304 AND 305.—STEEL, ESPECIALLY SWEDISH.

WITNESSES, AND INTERESTS REPRESENTED.

REQUESTING RECLASSIFICATION:

Mr. John H. Brewster, representing himself; address, 56 West Forty-fifth Street, New York City.
The Minister of Sweden.

Hearings: Pages 1761-1764.

Witness: Mr. John H. Brewster.

Costs and selling prices.—Comparative increases in production costs in 1920 as compared with 1914 are: Cost in the United States, 1.4 times; in Sweden, 3.5 times; fuel cost in the United States, 2 times; in Sweden, 3 times; labor cost in the United States, 1.6 times; in Sweden, 2.5 times; transportation cost in the United States, 1.7 times; in Sweden, 3 times. In 1909 the average production costs of Swedish steel at the mills were less than 3 cents per pound, while in 1921 the production cost of the same steels averages more than 5 cents. Swedish open-hearth and Bessemer costs are so much higher than similar American costs that Swedish steel can be used only in limited quantities and for purposes where special steels are desired; an increase of 1 cent per pound will in many cases make the price of Swedish steel prohibitive.

Size of industry.—United States Customs Reports available for the years 1912-1916, inclusive, show a yearly average of 12,350 tons of open-hearth and Bessemer steels imported from Sweden, or about one-third of 1 per cent of the average total production of American mills for the same period. The money value of American purchases of Swedish steel and iron is less than \$5,000,000 a year, while the annual exports of American steel to Sweden average more than \$100,000,000.

Rates suggested.—The witness contends that the House of Representatives, by adopting in paragraph 304 the approximate provisions of the Payne-Aldrich Act, overlooked the tariff differential established in paragraph 110 of the act of 1913 between crucible and electric steels on the one hand and open-hearth and Bessemer steels on the other. This distinction should be maintained. It is requested that the following provision be added to paragraph 304: "*Provided*, That steel ingots, copper ingots, blooms, slabs, bars, sheets, plates, and steel not specially provided for, made by the Bessemer, Siemens-Martin, open-hearth or similar processes, in the manufacture of which wood or charcoal is used, all the foregoing valued at not over 4 cents per pound, shall be subject to a duty of three-tenths of 1 cent per pound; valued at over 4 cents per pound, six-tenths of 1 cent per pound."

With reference to paragraph 305, chrome should be removed from its classification with tungsten and molybdenum and placed with manganese and silicon, because the effect of a small percentage of chrome in carbon steel is to intensify the hardening quality of the carbon. Under modern heat-treatment practice chrome therefore occupies a place similar to that of manganese and silicon rather than that of the other alloys mentioned in this paragraph. The word "chromium" should, therefore, be eliminated from the sixth line of paragraph 305 and inserted in the ninth line, making the provision read as follows: "*Provided*, That chromium, manganese, and silicon shall not be considered as alloying material unless present in the steel in excess of 1½ per cent."

From 1909 to 1913 great progress was made in the development of electric and alloy steels. Under the act of 1913 these fine steels were given greater protection than Bessemer and open-hearth steels, the costs of the latter being so low that foreign competition was negligible. For special purposes, however, the Swedish steels made by the Bessemer and open-hearth processes were more suitable than American steels, and were used largely in the manufacture of pocket-knives and other cutlery, twist drills, taps, carpenters' chisels, blacksmiths' tools, scythes, ball bearings, and other finished products. This imported open-hearth Bessemer steel is sold at very close prices as semifinished products to American manufacturers and dealers, but at higher prices than American open-hearth and Bessemer steel. These Swedish steels are used where special quality is required, but if the price is materially increased by the imposition of higher duties, the raw-material cost will be too great and the industry will consequently suffer.

Witness: The Minister of Sweden, in an authorized communication of August 8, 1921, transmitted through the State Department and representing the views of the Swedish iron and steel industry:

Size of industry.—Sweden has for many years had large business dealings both in the purchase of raw materials and of products made in the United States; in recent years the volume of Sweden's purchases has been about four times that of her sales. The total annual value of iron and steel sold by Sweden to the United States amounts to less than \$5,000,000, and such iron and steel has been so sold for 50 years. Sales have shown no recent increases and are due solely to the superior suitability of the materials for certain purposes. It has been proved that when the tonnage of any metal imported from Sweden becomes of sufficient importance, as for example in the case of bicycle and other seamless tubing, American metallurgists have developed a substitute. The margin above the prices asked for American metals, that the Swedish manufacturer is able to secure, is closely limited by the extent to which the American manufacturer feels he can increase the cost of his finished product.

Rates suggested.—In order to reconcile paragraph 304 with paragraphs 303 and 315 a proper differential should be established between the high-priced electric, crucible, tool, and other imported steels and the lower-priced open hearth and Bessemer steels coming from Sweden. This differential is recognized in paragraph 110 of the act of 1913. The following provision should, therefore, be

added to paragraph 304 for steel ingots, cogged ingots, blooms, billets, slabs, bars, sheets, plates, and all steel, not specially provided for, made by the Bessemer, Siemens-Martin, open-hearth, or similar processes, in the manufacture of which wood or charcoal is used for fuel:

When valued at not over 4 cents per pound, a duty of three-tenths of 1 cent per pound; when valued at over 4 cents per pound, six-tenths of 1 cent per pound.

In paragraph 305 chromium should be omitted from its association with tungsten and molybdenum and classified with silicon and manganese. Since chromium in combination with carbon steels to the extent of $1\frac{1}{2}$ per cent is used only to intensify and deepen the hardening property of carbon and is never considered as a tool or special quality steel, the permitted contents of silicon, chrome, and manganese should be increased to $1\frac{1}{2}$ per cent and should be confined to open-hearth and Bessemer steels.

Criticism is also made of the American valuation plan, which, if retained, should be modified as regards the fifth and sixth lines of section 402 so as to read, "of exportation of the imported merchandise at which products of the United States made by comparable and competitive processes were," etc.

PARAGRAPHS 304 AND 305—HIGH-CARBON CHROMIUM STEEL.

WITNESS.

FAVORING LOWER DUTIES:

The S. K. F. Industries, New York City. (Brief; no appearance at hearings.)

Size of industry.—This organization, incorporated in the State of New York, supervises a number of factories, representing an investment of \$14,000,000, producing ball bearings and steel plates. It cooperates with S. K. F. organizations throughout the world, especially in Sweden, systematically exchanging technical results of investigations. An expenditure of over \$250,000 has been made in the erection and equipment of a laboratory for the purpose of (1) cooperating with American steel manufacturers in improving their product, and (2) for investigating and conducting research in foreign-made steels.

Comparability.—Gratifying results have been obtained in raising the standard of quality of American ball-bearing steel. Except for exceptionally severe conditions, ball bearings of American-made steel satisfactorily meet all requirements and for several years past it has not been necessary to use Swedish steel except for a small percentage of the demand. This small percentage, however, has been necessary, enabling the organization to meet the requirements of heavier and very exacting specifications of many American manufacturers. Investigations have proved conclusively that ball bearings made of the best grade of Swedish ball-bearing steel can successfully sustain greater load and speed conditions than those made of American steel when used under identical conditions. The superiority of the best Swedish steel is believed to be due to the well-recognized superior purity of Swedish ore and the methods used in refining it, as well as in the making of the steel by the use of charcoal and wood—methods not employed in the United States.

Rates suggested.—Should the maintenance of the present tariff schedule be considered inadvisable, the company believes that the protection provided in paragraph 304 is considerably in excess of that required to protect the interests of American steel makers. The addition of the extra duty in paragraph 305 would entirely prohibit the use of Swedish steel. In case paragraph 304 is adopted, the company urges that paragraph 305 be changed so as not to include steel containing not more than $1\frac{1}{2}$ per cent chromium. A content of $1\frac{1}{2}$ per cent chromium means less change in the different qualities of the steel than an addition of 1 per cent manganese.

PARAGRAPHS 304, 305, AND 316.—FINE STEELS.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING LOWER DUTIES:

Mr. John B. Smiley, representing American importers of fine steels; address, New York City.

Hearings: Pages 1764-1780.

Costs and selling prices.—Foreign fine steels do not compete on a price basis with the American industry, but, on the contrary, command higher prices.

Crucible steels are sold strictly on quality. The imported material has never been sold on price and does not compete with the American product except on a quality basis. The price at which foreign crucible steel is sold is always much higher than the market price of the American production for steels of similar classification; this differential varies from 20 to 50 per cent at the present time. The highest grades of crucible carbon tool steel are not produced in the United States.

The open-hearth and Bessemer steels imported into the United States never compete in price with domestic steels made by similar processes, and are sold in this country only on account of their high quality.

The additional cost in the manufacture of steels containing alloys does not increase the manufacturer's cost of production in proportion to the additional 15 per cent ad valorem assessed under paragraph 305. The prices of alloy steels at Liverpool are already higher than the American selling prices. The American mills are not handicapped in the matter of selling expenses to the same extent as are the importers.

The American mills perfected the making of high-speed steel, and cheapened its production to such an extent that during 1920 approximately 30,000,000 pounds were produced in the United States, and only about 3 per cent was imported.

Soft cold-rolled steel for stamping and drawing purposes is so cheaply produced in the United States that it is impossible to import it. The American mills produce this material so efficiently and in such large tonnage that it sells in the United States for $4\frac{1}{2}$ cents to 6 cents per pound, which is below the European cost of production.

Comparability.—"There is no question but what fine steel is made in this country, but for particular requirements, either due to the process of manufacture or the raw materials employed, it has been

found by actual experience over years that the foreign steel gives better life and is more what we want."

Size of industry.—There were about 22 manufacturing plants in the "fine-steel" business in America prior to the war. There are now about 45. The Crucible Steel Co. of America operates about 10 of these plants. The producing capacity for American fine steel is between three and four times what it was before the war.

There is produced in this country, in ingot capacity, 1,252,000 tons per annum or an equivalent of 834,984 tons per annum in the finished bar. The imports of fine steels do not exceed 20,000 to 25,000 tons per annum, and this quantity is constantly decreasing. This is true under the present Underwood tariff.

Rates suggested.—The proposed paragraph 304 overlooks the differential in paragraph 110 of the Underwood tariff, which provides for different rates of duty for steels made by the crucible, electric, and similar processes (15 per cent ad valorem, foreign value), and the open-hearth and Bessemer steels (part on the free list and part at 8 per cent ad valorem, foreign value). The witness maintains that this present distinction is proper and should be continued, as the imports of crucible and electric steels and steels made by similar processes are principally tool steels, whereas the imports of open-hearth and Bessemer steels are principally semifinished raw materials used by American manufacturers as such.

In paragraph 305 the word "chromium" should be removed from its association with tungsten and molybdenum and classified with silicon and manganese, as chromium in combination with carbon steels to the extent of 1 to 1½ per cent is only used to intensify and deepen the hardening property of the carbon content and is never considered as a tool steel. The permitted contents—silicon, chrome, or manganese—should be increased to 1½ per cent and should be confined to open-hearth and Bessemer steels.

Remarks.—A brief submitted by the witness (pp. 1766–1780) includes the following:

MODIFICATIONS ASKED FOR IN THE PROPOSED FORDNEY TARIFF MEASURE (H. R. 7456)
UNDER METAL SCHEDULE NO. 3, BY AMERICAN IMPORTERS OF FINE STEELS—JOHN B. LINDLEY, SECRETARY.

Paragraph 304: Based on American valuation plan, a straight ad valorem duty of 10 per cent on all crucible steels. In Bessemer, Siemens-Martin, open-hearth, or similar process, the following to be added to paragraph 304: "*Provided*, That steel ingots, cogged ingots, blooms, billets, slabs, sheets, plates, and steel not specially provided for, made by the Bessemer, Siemens-Martin, open-hearth, in the manufacture of which wood or charcoal is used as fuel, or similar special processes, all the foregoing valued at not over 4 cents per pound shall be subject to a duty of three-tenths of 1 cent per pound; valued over 4 cents per pound, six-tenths of 1 cent per pound."

Paragraph 305: Based on American valuation plan, the elimination of the additional 15 per cent duty on alloy steels; but failing in this its reduction to 12½ per cent and the duties contemplated by paragraph 304 in application to paragraph 305 waived. That the additional cumulative duties on molybdenum and tungsten content should be reduced from the proposed \$1.25 per pound on molybdenum content to 62½ cents per pound on molybdenum content in excess of 1½ per cent, and the proposed 72 cents per pound on the tungsten content to 36 cents per pound on the tungsten content in excess of 1½ per cent.

Paragraph 316: Based on American valuation plan, a straight ad valorem duty of 10 per cent.

NOTE.—We once again point out that under the Underwood tariff the American fine-steel industry has prospered, and importations have decreased. The above proposition covering recommended modifications in the proposed Fordney tariff measure, metal schedule No. 3, if accepted, will still further burden the importation of fine steels by imposing higher duties than now obtain.

Other memoranda submitted included the argument that, if the duties in the proposed Fordney tariff bill remain unchanged, a revenue to the Government, estimated at approximately \$500,000 per annum, will be cut off, as the duties mentioned would absolutely prohibit at least 80 per cent of the present imports. The small quantity of fine steels now imported into this country (2 per cent of the total consumption here) can not be considered competitive, as the imported fine steels do not undersell similar grades of American steel because the imported products commanded higher prices due to their quality, therefore it can not be claimed that the American industry is threatened; hence the proposed increased duty will only result in the creation of a monopoly which will have the American purchaser at its mercy. The proposed duty, in addition to causing loss of revenue and creating a monopoly, will invite retaliation from foreign Governments whose citizens export fine steels into this market.

PARAGRAPHS 305, 309, 385, AND 393.—NICKEL ALLOYS.

WITNESS.

FAVORING PROPOSED OR HIGHER DUTIES AND REQUESTING RECLASSIFICATION:

The Driver-Harris Co., Harrison, N. J. (Revision of a brief presented to the Ways and Means Committee, presented through Senator Frelinghuysen; no appearance at hearings.)

Costs and selling prices.—German wiredrawers receive 600 marks per week, equivalent to \$12, while American drawers are paid \$25 to \$50 per week. The American industry is a war development, and can not successfully compete with low-priced German labor.

Size of industry.—The company produces nickel and nickel alloys of a range of compositions radically different from that ordinarily understood by the term "nickel steel"; they contain from 25 to 75 per cent nickel and from 10 to 22 per cent chromium. The material is used in the form of wire, sheet, strip, and strand, for electrical purposes, and in castings, etc., for mechanical and chemical purposes, especially for use in heat-treating operations in various industries. Before the war none of the fabricated forms of nickel were produced in the United States, but were imported in a partly finished state.

Rates suggested.—Paragraph 305: Include metal alloys, metal alloy castings used as a resistant to high temperature and acids in the form of carbonizing boxes, retorts, lead pots, cyanide pots, pyrometer protection tubes, and for other heat-treating purposes, at 50 per cent ad valorem.

Paragraph 309: Include bi-metal wire and rods, as well as the other forms mentioned, and increase the duty to 50 per cent.

Paragraph 385: Include castings and wire in the second part of the paragraph, and increase the duty to 50 per cent.

Paragraph 393: Include "or alloys" after the metals enumerated, and increase the duty to 50 per cent.

PARAGRAPH 309.—THERMOSTATIC METAL.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. George F. Hurd, representing the H. A. Wilson Co., Newark, N. J.

FAVORING LOWER DUTIES:

Mr. E. L. Clause, representing the Clause Automatic Gas Cock Co., Milwaukee, Wis.

Mr. George L. Meyer, jr., representing the Stewart Warner Speedometer Corporation, Chicago, Ill.

Hearings: Pages 1795–1799.

Witness: Mr. G. F. Hurd, representing the H. A. Wilson Co.

The witness described this product as a metal composed of two separate metals welded throughout their entire contact surfaces, the one metal having a very widely different coefficient of expansion from the other. The action of the two metals thus welded together, as temperature are changed, results in curling or distortion of the metal, this condition being used to set in motion a number of mechanical operations, automatically acting as a means of controlling and regulating the particular device. This application of the metal serves to accomplish great economies in fuel consumption. Some very fine and delicate instruments are made from this combination, so that a variation in distortion of one-sixty-fourth of an inch will result in a difference of fifty degrees in the temperature of an oven.

Costs and selling prices.—In 1920 the cost of producing thermostatic metal was \$3.58 per pound, and the Wilson Co. has always sold at a loss because of a desire to develop the industry. The high price was due to several causes, including the fact that the industry is in a state of development, both as to manufacturing processes and the uses to which the metal can be put. Highly paid workmen have had to be employed and the greatest care exercised. In spite of these factors, there is about 50 per cent waste of raw material, or 50 per cent scrap, as the result of the manufacturing operation. The estimated cost of the German metal laid down in New York is \$1.40 per pound, the great factor in that differential being the difference in the exchange rate. There is also a great difference in the labor costs and probably also in the material costs.

Size of industry.—Before the war, Germany was the sole source of supply of this metal. American producers have now capacity ample and sufficient to take care of the domestic markets. The General Electric Co. was a manufacturer of this metal, but witness thinks they have given it up.

Classification.—This metal, a scientific instrument, goes into finished products which are scientific instruments, yet it is classified with rough products, such as copper and coated steel. Neither in the method of manufacture nor in the materials used nor in the function of the product is thermostatic metal in any way similar to the metals described in section 309. It costs \$3.58 per pound and is classified with other metals costing from 15 to 40 cents a pound. Thermostatic metal should have a separate classification.

Rates suggested.—A specific rate of \$2.50 per pound, sufficient to offset the difference in exchange between the dollar and the mark

and the difference between German and American costs. With this duty, the estimated cost of the German product, laid down in New York, would be about \$2.97, equivalent to about 75 per cent ad valorem under American valuation. On the return of the rate of exchange to normal, the duty of \$2.50 per pound will increase the tariff burden, but it would not leave a monopoly, as the industry is not covered by patents.

Remarks.—Statements in rebuttal of Mr. Hurd's statements follow.

Witness: Mr. G. L. Meyer, jr., representing the Stewart Warner Speedometer Corporation, in a letter of October 6, 1921, to the Senate Committee on Finance.

A communication in rebuttal of Mr. George F. Hurd's testimony (pp. 1795-1799) states that, prior to the war, the Stewart Warner Speedometer Corporation purchased thermostatic metal abroad, paying about \$2.75 per pound f. o. b. Chicago. It was not until the General Electric Co. commenced to manufacture the metal that the corporation was able to purchase it in this country, although competition was then soon established between the General Electric Co. and the H. A. Wilson Co. It is understood that the General Electric Co. has discontinued the manufacture and turned over its process and, in fact, one of its men, to the H. A. Wilson Co. It is believed that an absolute monopoly would be established if a prohibitive duty were assessed on the imported metal.

The corporation fails to see why others should be penalized for the excessive waste caused, apparently, by inefficient and improper methods in the manufacture of this metal by the H. A. Wilson Co. If foreign manufacturers can produce it without such an excessive waste, as they apparently can, at prices near those formerly paid them, why should the duty be made high enough to cover this waste and, possibly, prevent the importation of the foreign metal?

A duty of \$2.50 per pound, as asked by the H. A. Wilson Co., is very much too high and a protest against it is entered. On the other hand, a duty based on American valuation would make it impossible to determine the cost of this imported metal in advance.

The Stewart Warner Speedometer Corporation is one of the largest users of thermostatic metal in the United States.

Witness: Mr. E. L. Clause, representing the Clause Automatic Gas Cock Co., in a letter of October 4, 1921, to the Senate Committee on Finance.

Costs and selling prices.—The Clause Automatic Gas Cock Co. produces the highest grade of thermostatic metal at \$1 per pound, which includes 10 to 15 per cent profit on the manufacture. In the opinion of the Clause Co., the Wilson Co. has essentially developed nothing whereby it could have lost money. The company's metal has not proved any superiority, and they have not solicited the sale of their metal in compliance with their testimony. The Wilson Co. is not interested only in the manufacture of thermostatic metal; it is, in fact, more interested in the manufacture of complete heat controls, for which reason it has interfered greatly with the progress of the Clause Co. in developing one of the most perfect and essential instruments ever placed on the market. The waste experienced by them in the manufacture of this metal is 10 per cent, as against

50 per cent claimed by Mr. Hurd. Continuing this subject, the witness said that a duty of 75 per cent to protect a 50 per cent waste, due to the manufacturing methods of the Wilson Co., and based on the present rate of exchange, would cause an intolerable situation. With a return of the exchange rate to normal, the duty would leave a field clear of competition to the Wilson Co., which is in itself a monopoly.

Rates suggested.—A duty not higher than 15 to 20 per cent on the foreign invoice value, which would not impede natural developments. There is room for healthy competition, and reasonable importation of this material will act as a counterbalance and prevent excessive prices.

Remarks.—Thermostatic heat controls, requiring thermostatic metal, are applied to gas stoves to secure the highest grade of baking, as for bread, cake, and pie, with efficiency, economy, and convenience.

The H. A. Wilson Co., in a letter to the committee, dated December 21, 1921, deals with the contentions (a) that the company's methods are unreasonably wasteful and (b) that the desired duty of \$2.50 per pound or, alternatively, of 75 per cent on American valuation, would exclude German imports of thermostatic metal and result in the establishment of a Wilson Co. monopoly in this product.

As regards the waste in manufacture, it is pointed out that a waste of about 50 per cent of the material used does not represent, as it appears to have been interpreted, a loss of 50 per cent of the cost of the finished product. "To be precise, this loss is equivalent to 36½ per cent of the price paid by the Wilson Co. for its raw materials, and represents only about 10 per cent of the total cost of manufacturing and selling." The loss of metal is stated to be inevitable, no matter where the manufacture is carried on, essential details of manipulation entailing an unavoidable wastage, but of raw material only.

No reasonable expense has been spared by the Wilson Co. to establish an efficient plant for the manufacture of this metal, and the methods employed are the result of careful and exceedingly expensive experimentation. The company does not ask for protection against the cost of careless, inefficient, and wasteful methods of manufacture.

Touching the alleged tendency toward a Wilson Co. monopoly in this field, the absence of patents covering the production of this metal is emphasized, as is the fact that there are, in America, a number of concerns who are familiar with, and have had experience in, the manufacture of thermostatic metal. That being so, any exaction of an excessive price would be immediately followed by effective competition. The only duty asked for by the company is such as will provide a margin between American costs of manufacture and the cost of German goods laid down in New York. As matters now stand, the American market pays for German goods in many lines, not a price bearing any reasonable relation to German costs of production, but the price which the German importer fixes as the maximum at which he can dominate the American market.

The Wilson Co. has made every endeavor to be accurate and truthful. Following the hearing, its books and its plant were thrown open to the investigation of the Treasury Department and the results are available to the committee. The duty requested is vital to the continuance of the manufacture of thermostatic metal in America.

The H. A. Wilson Co., in a further letter, published as a 25-page pamphlet, repeats much of the witness's oral testimony and gives, in tabulated form, the detailed cost of production and sale of thermostatic metal by the company for the years 1918 to 1921.

PARAGRAPH 309; ALSO PARAGRAPHS 305 AND 385.—FORGED COMBINATIONS OF METALS.

WITNESS, AND INTEREST REPRESENTED.

FAVORING LOWER DUTIES:

Mr. J. R. Boker, representing H. Boker & Co. (Inc.), New York City.

Hearings: Pages 1787-1795.

Costs and selling prices.—Paragraph 309: Sheets or plates composed of iron, steel, copper, nickel, etc., with layers of other metal or metals imposed thereon by forging, hammering, or welding, divide themselves into two distinctly different groups—group A, iron and steel sheets, plates, wires, and bars, plated with other metals, and group B, copper, nickel, or other metal sheets plated with other metals. The prices of the latter are very much higher than those of the former. Iron and steel sheets plated with other metals vary in price according to fitness between \$300 and \$400 per ton, or 15 to 20 cents per pound. Copper, nickel, and other metal sheets plated with other metals sell for a much higher price. This second group of plated sheets includes thermostatic metal.

Paragraph 385: Pure nickel bars nine-sixteenths inch in size are sold by American manufacturers at 63 cents per pound. In Europe the same bars were selling at 61 cents per pound when the exchange rate on a mark was 1.5 cents. Pure nickel sheets and pure nickel wire, 0.04 inch, are sold by American manufacturers at 90 cents per pound. In Europe, at an exchange rate of 1.5 cents to the mark, they were sold at 65 cents per pound.

Paragraph 305: American high-speed steel now sells in the United States at 80 cents per pound. English high-speed steel sells at 58 cents per pound at Liverpool.

Size of industry.—Paragraph 309: Plated iron and steel sheets and wire have been imported into this country for a number of years in small quantities, hardly ever in excess of 25 to 50 tons annually. So far as witness knows, there is no industry in this country producing similar sheets. Copper, nickel, or other metal sheets plated with other metals are manufactured to a limited extent in the United States, but such sheets are largely imported.

Rates suggested.—Paragraph 309: On plated iron and steel sheets a rate of 15 per cent ad valorem or a specific duty not exceeding 3½ cents per pound is recommended. On sheets or plates composed of copper, nickel, or other metals, with layers of metal or metals imposed thereon, a duty of 20 per cent ad valorem or a specific rate of 10 cents per pound.

Paragraph 385: The word "tubes and wire" should be added to line 14 of this paragraph. It is also desired that, owing to the duties being assessed on American selling prices, pure nickel or alloys of which nickel is the component material of chief value, in bars and rods, straight or in coils, be dutiable at 10 per cent ad valorem; wire tubes, sheets, strips, and strands at 15 per cent; anodes, cast, at 10 per cent; anodes, rolled, 15 per cent; and electrodes, 15 per cent.

It is suggested that alloy steel be taken out of paragraph 304 and the duty in paragraph 305 be made $12\frac{1}{2}$ per cent ad valorem. It is also suggested that the American valuation duty on tool steels under paragraph 304 be reduced from 20 per cent ad valorem to 10 per cent ad valorem. The principal reason for this reduction is that English manufacturing costs are extraordinarily high and will not be any lower for a long time.

PARAGRAPH 310.—TIN PLATE.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING LOWER DUTIES:

Mr. E. R. Crawford, representing the Association of Tin Plate Manufacturers, which includes all the independent makers of the country outside of the United States Steel Corporation; the included concerns produce 55 to 60 per cent of the country's output; address, McKeesport, Pa.

Hearings: Pages 1800-1803.

Costs and selling prices.—No definite statement was made, but it was urged that the duties proposed in the Fordney bill on pig tin, fluorspar, ferromanganese and other raw products would add materially to the costs of the tinplate and other steel producers.

Size of industry.—The normal consumption of tin plate in this country is pretty close to 35,000,000 boxes or 175,000,000 pounds. The tin-plate industry, the largest American consumer of pig tin, consumes 2,500,000 tons of steel per annum and employs in direct labor approximately 40,000 workmen.

Rates suggested.—A rate of 1.2 cents per pound on tinplate in place of the 15 per cent ad valorem rate imposed by the act of 1913. Foreign values are in a very unstable state and a specific duty is consequently preferable to an ad valorem.

While willing to accept the duty of 2 cents per pound on pig tin, the witness felt that, from the standpoint of developing the export trade, it would be very much better if this could be taken off.

PARAGRAPH 312; ALSO PARAGRAPH 393.—METAL SASHES AND FRAMES.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. T. H. Ringrose, representing the International Casement Co., of Jamestown, N. Y., and the Crittall Casement Co. (Inc.), of Detroit, Mich.

The Manufacturers Association, Jamestown, N. Y. (Brief.)

FAVORING LOWER DUTIES:

Mr. Aaron C. Thayer, representing Henry Hope & Sons (Ltd.), an English corporation, and Henry Hope & Sons, a New York corporation, agent for Henry Hope & Sons (Ltd.); address, New York City.

Hearings: Pages 2091-2096.

Witness: Mr. T. H. Ringrose.

Costs and selling prices.—Labor cost in England is less than in the United States. Wages have increased in England to three times the prewar rates, while in the United States they have increased only to twice. Nevertheless, wages are still lower in England than in the United States and will come down faster than wages in the United States.

Size of industry.—The International Casement Co., of Jamestown, and the Crittall Casement Co., of Detroit, are the only two manufacturers of steel casement sashes in the United States. At Jamestown there are normally employed about 100 men and at Detroit about 120 men. The value of the output of the Jamestown plant last year amounted to \$440,000. In addition, there was \$70,000 worth imported from England.

Rates suggested.—The witness is satisfied with the rate of duty proposed in paragraph 393 of the Fordney bill. He took issue with Mr. Thayer, representing Henry Hope & Sons, of Birmingham, England, and recommended the continuance of the duty of 10 per cent ad valorem under the act of 1913. (See hearings, pp. 2088-2091.)

The International Casement Co., in supplemental briefs respectively dated July 7 and August 24, 1921, states that there would be some doubt under the provisions of H. R. 7456 as to whether steel casement sashes would be dutiable at 25 per cent under paragraph 312 or dutiable at 35 per cent under paragraph 393. A duty of 35 per cent is suggested as a fair protection.

This point is further discussed, in the same interest, by Mr. Charles A. Ogren, attorney at law, New York City. Writing on July 12, 1921, he expresses doubt whether under the bill as it stands steel sashes and frames will be dutiable at 25 per cent, under paragraph 312, as "structural steel shapes fabricated for use," or at 35 per cent, under paragraph 393, as "articles not specially provided for composed of steel." Ambiguity would be avoided if the words in paragraph 312, "fabricated for use," were omitted and the words "shipped knocked down" substituted.

Witness: The Manufacturers' Association, Jamestown, N. Y. (Brief; no appearance at hearings.)

Rates suggested.—A duty of 35 per cent ad valorem, together with the removal of any doubt as to the proper classification of steel sashes and frames.

Remarks.—The manufacture of steel sashes and frames in the United States is in its infancy and should be given protection sufficient to enable the manufacturers of this country to develop their business and pay American wages to American workmen.

Hearings: Pages 2088-2091. (See also statement of T. H. Ringrose, of Jamestown, N. Y., pp. 2091-2096.)

Witness: Mr. Aaron C. Thayer.

Costs and selling prices.—No definite statement regarding costs except the contention that under the 10 per cent ad valorem duty imposed by the act of 1913 the American producer is sufficiently protected to exist and prosper.

A brief submitted to the Senate Finance Committee by Mr. Thayer shows the difference in bids submitted by Henry Hope & Sons, the International Casement Co., and the Crittall Co. for window frames and sashes in Guthrie, Okla., Princeton, N. J., Richmond, Va., Cleveland, Ohio, and Washington University. These bids were as follows:

Scottish Rite Cathedral, Guthrie, Okla.:	
Estimate submitted by H. Hope & Sons, Dec. 16, 1920, amounting to.....	\$40,080
Secured by Crittall Co. for.....	35,250
Princeton University, Princeton, N. J.:	
Estimate submitted by H. Hope & Sons, Feb. 26, 1921, amounting to.....	25,585
Secured by International Casement Co. at about.....	23,200
Federal Reserve Bank, Richmond, Va.:	
Estimate submitted by H. Hope & Sons, Mar. 26, 1921, amounting to.....	19,004
Secured by Crittall Co. at about.....	16,500
Cleveland public hall, Cleveland, Ohio:	
Estimate submitted by H. Hope & Sons, Feb. 9, 1921, amounting to.....	36,964
Crittall Co.....	33,334
International Casement Co.....	28,654
Educational Hall, Washington University:	
Estimate submitted by H. Hope & Sons, July 6, 1921, amounting to.....	30,327
Secured by Crittall Co.....	27,453

Metal sashes and window frames made in this country and in England are practically the same. There are two classes of sashes—the factory or industrial sash, made in large quantities and used in large factories, and the more expensive sash called casements, going into libraries, asylums, office buildings, and residences.

Size of industry.—No definite statement made regarding the size of the American industry. The International Casement Co. was incorporated with a capital of \$50,000 in 1912, and now has a capital stock of \$78,450 and a surplus and undivided profit of \$102,000. The Crittall Casement Window Co. has a capital stock of \$122,000, of which \$97,000 was paid in cash and \$25,000 represents contracts with the Crittall Manufacturing Co. of England. In addition, this company has a surplus in use as capital and undivided profit of over \$90,000. There are other American companies manufacturing metal sashes and window frames.

Rates suggested.—A duty of 10 per cent ad valorem, as under the act of 1913. Sashes and window frames included in the paragraph on structural shapes in the act of 1913 are not mentioned in the Fordney bill and are consequently governed by the catchall clause in paragraph 393. The result of this omission is that the ad valorem duty on sashes and window frames is increased from the 25 per cent ad valorem duty of paragraph 312 (governing structural shapes) to 35 per cent in paragraph 393. The proposed duty in paragraph 393 is three and one-half times as great as the existing duty (act of 1913) with the added handicap of the ad valorem rate being reckoned on market values in this country and not on market values in England.

Mr. Thayer advocates the 10 per cent ad valorem duty on the following grounds: (1) The present 10 per cent duty dates from 1913 and under it competitors in this country prospered and largely increased their business, while the business of importers remained practically stationary; (2) only two competitors in this country ap-

peared before the Ways and Means Committee to urge an increase in duty, and these two, namely, The International Casement Co., of Jamestown, N. Y., and the Crittall Casement Window Co., of Detroit, Mich., are both offshoots of English competitors.

Mr. Thayer contends that the present duty of 10 per cent fully covers the difference, if any, between labor and material in England and the United States. Furthermore, the duty of 35 per cent proposed under the present act would drive the English concerns out of American markets and to that extent reduce revenue.

PARAGRAPH 315.—COLD-ROLLED AND TEMPERED STEEL.

WITNESS.

FAVORING PROPOSED OR HIGHER DUTIES:

The Athenia Steel Co., Athenia, N. J. (Brief; no appearance at hearings.)

Comparability.—The labor cost of producing cold-rolled and tempered steel is about 70 per cent of the total. Foreign concerns, paying wages 50 per cent less than those paid by American manufacturers, are therefore able to sell goods in this country below the American cost of production. Prices on hot-rolled material in Sweden, Germany, and other countries do not differ materially from domestic prices on similar grades, but on more highly finished material Swedish prices are very much lower.

In January, 1921, the labor employed in American mills manufacturing cold-rolled strips and wire received from \$8 to \$12 per day, and the workmen in a Swedish mill, producing identically the same grades and similar amounts per day, received 15 crowns—approximately \$3.75. Wage rates in Germany were and are lower than Swedish. In normal times German workmen received 8 to 9 marks per day, or \$2 to \$2.15. In January, 1921, they received 40 to 50 marks—only 60 to 75 cents—per day. In August, 1921, American wages had been reduced about 20 per cent from the above figures, but similar reductions had taken place in Sweden and probably in Germany.

After the cold-rolling process several further manufacturing processes are required, such as tempering, for which American labor receives \$8 to \$12 per day; polishing and coloring, at but slightly lower wages; and inspecting, paid for at the rate of \$7 to \$9 per day. These additional processes make the cost of tempered and polished material greater by approximately 50 per cent than cold rolled, and all the added cost is labor. Tempered, polished, and crude clock-spring material, selling at 35 cents per pound, costs in the United States 31 cents per pound, of which 21.70 cents is labor. The German cost, calculated on the basis of labor at 75 to 80 cents per day, would be, roughly, one-tenth of the American cost, or 3.10 cents per pound. Swedish cost, based on labor at \$3.75 per day, would be from one-half to two-thirds less than the American cost, or 15½ cents per pound.

Rates suggested.—A duty of 50 per cent ad valorem on all cold-rolled steel and 60 per cent on tempered and polished steel.

PARAGRAPH 320.—ELECTRIC STORAGE BATTERIES.

WITNESS.

FAVORING PROPOSED OR HIGHER DUTIES:

The Edison Storage Battery Co., Orange, N. J. (Brief; no appearance at hearings.)

Rates suggested.—The company states as its opinion that a truly protective rate for electric storage batteries should be 40 per cent or more. In the tariff of 1897 lead batteries were protected by a rate of 45 per cent. At present the rate on pig lead is nearly 50 per cent. The proposed rate of 30 per cent in H. R. 7456 would subject the industry to overwhelmingly unfair competition which would close American factories and throw a large number of American workmen out of work.

PARAGRAPH 321.—ANTIFRICTION BALLS.

WITNESS, AND INTEREST REPRESENTED.

REQUESTING RECLASSIFICATION:

Mr. Adolph E. Brion, representing Peter A. Frasse & Co., importers, New York City.

Hearings: Pages 1819-1823.

Costs and selling prices.—In 1917, one-eighth-inch balls of very high quality sold for 67 cents a thousand; to-day (1921) they are selling from \$1.80 to \$2.40 per thousand. This is because there is so little competition.

Size of industry.—There are seven manufacturers of steel balls and one of them practically monopolizes the entire market. There is really only one large plant, to-day.

Rates suggested.—Paragraph 321 should be divided so as to classify balls and rollers separately from the finished product, as the ball-bearing manufacturers are buyers of balls and would not try to keep the tariff so high. With a small number of steel-ball manufacturers, it is possible to fix arbitrary costs, which would make importation of steel balls almost impossible. Increased prices to the users of steel balls are inevitable on an American valuation basis.

PARAGRAPH 325.—ANVILS.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Campbell M. Voorhees, representing anvil manufacturers; address, Columbus, Ohio.

Hearings: Pages 1826-1830.

Costs and selling prices.—Labor is about 50 per cent higher than it was at the beginning of the war. The freight on coal costs as much as the coal. Labor and overhead in the cost of the anvil are 70 to 80 per cent of total cost, leaving 20 to 30 per cent for materials. The selling price in 1918, 1919, and 1920 was 20 cents per pound. The average price in 1921 is 15 cents per pound. The Swedish anvil at the present time is being imported into this country, with prices ranging about 12½ cents per pound delivered to the interior of the United States.

Size of industry.—The total investment of machinery and plant in the United States' anvil industry is approximately \$750,000 to \$1,000,000. The domestic capacity is about 200 to 300 per cent of the domestic consumption. The actual normal domestic production is approximately 4,500,000 pounds per year.

Comparability.—The foreign product is directly competitive, owing to lower costs of labor and freight rates.

Rates suggested.—A specific duty of 2 cents per pound. With an average selling price over a period of years of 10 cents per pound, 15 per cent ad valorem on American valuation would be $1\frac{1}{2}$ cents per pound. Considering 10 cents per pound as the average selling price, a specific duty of 2 cents per pound would be 20 per cent ad valorem, American valuation.

PARAGRAPH 329.—CHAINS.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. David S. Day, representing chain manufacturers; address, Bridgeport, Conn.

Hearings: Pages 1830–1839.

Costs and selling prices.—Actual comparative costs of manufacture in Germany and in the United States are not available. German common laborers in chain factories were paid at the rate of 65 marks a day in December, 1920, which was the equivalent of \$1, as compared with 46 cents an hour for an 8-hour day, or \$3.68 a day, in the United States. German wages for this class of workers are therefore only 27 per cent of those paid in the United States. The labor component in the cost of manufacture averages 35 per cent in the larger sizes to 60 per cent in the smaller sizes of chain. The labor cost in the United States ranges from 35 to 60 cents out of each dollar's worth of goods produced, while the corresponding labor cost in Germany would average from 9.4 cents to 12.5 cents. Except, therefore, in classes of chain having the lowest labor component, the specific duty of 25 per cent for machine and sprocket chain and 20 per cent for other classes of chain will not even cover the differential between German and American labor. The importers of foreign chain are underquoting American manufacturers to a very large degree—something like 40 per cent.

Size.	English price at \$1.86.	English price at \$1.	American factory cost per 100 pounds.
1½-inch.....	\$7.25	\$6.12	\$8.45
1¾-inch.....	7.02	5.96	8.01
2-inch.....	7.72	6.44	8.92
2½-inch.....	7.80	6.57	7.97
2¾-inch.....	8.00	6.66	8.01

Size of industry.—The United States investment at the present time in the chain-manufacturing industry and in articles fabricated from chain is estimated at \$20,000,000, and the number of men em-

ployed in the industry as between 8,500 and 10,000. The amount of the investment in the manufacture of anchor chain is approximately \$2,000,000, and the number of men employed is approximately 1,500.

Comparability.—Direct competition between the domestic and the foreign producer has been largely confined to chain under five-sixteenths of an inch in diameter.

Rates suggested.—Chain and chains of all kinds to have specific duties coupled with a minimum ad valorem duty of 25 per cent. In chains less than five-sixteenths of an inch in diameter, going down to the very smallest sizes, the question of weight is out of all proportion to the value of the product. Therefore on the small size of chain the bill gives neither revenue nor protection. An ad valorem duty of 25 per cent based upon American valuation would not exceed the ad valorem duty of 45 per cent on foreign valuation under normal conditions prescribed in previous tariffs.

The recommendation is therefore made that section 392 of the House bill be amended to read as follows:

Paragraph 392: Chain and chains of all kind, made of iron or steel, not less than three-fourths of 1 inch in diameter, 1 cent per pound; less than three-fourths and not less than three-eighths of 1 inch in diameter, 1½ cents per pound; less than three-eighths and not less than five-sixteenths of 1 inch in diameter, 4 cents per pound; sprocket and machine chains, of iron or steel, and parts thereof, 30 per cent ad valorem; anchor or stud-link chain, 2 inches or more in diameter, 1½ cents per pound; less than 2 inches in diameter, 2 cents per pound; but no chain or chains of any description, except anchor and stud-link chain, shall pay a lesser duty than 25 per cent ad valorem: *Provided*, That all articles manufactured wholly or in chief value of chain shall not pay a lower rate of duty than that imposed upon the chain of which it is made, or of which chain is the component material of chief value.

PARAGRAPH 337.—CARD CLOTHING.

WITNESS, AND INTEREST REPRESENTED.

FAVORING LOWER DUTIES:

Mr. Joseph F. Lockett, representing Lelgh & Butler, importers; address, Boston, Mass.

Hearings: Pages 1839–1851.

Costs and selling prices.—The cost to the foreign manufacturer to set the points into the foundation is nearly 100 per cent more than the cost to the American manufacturer. This is because the American “setting machines” are run at far greater speed than the English machines, and produce a much larger quantity of card clothing per hour. Each American “tender” operates twice as many setting machines as each English operator.

A unit of 272 square feet of No. 120 card clothing sells in the United States for \$691.15. The English article, landed in New York less duty, costs \$456.94, with the pound sterling at \$3.70. The duty under the Fordney bill would be \$241.90, making a total cost of \$698.84.

Comparability.—American cotton mills say that the English card clothing is a much superior product, and with a prohibitive tariff the American mills could not compete in the world’s markets, especially in the finer grades of cotton goods.

Rates suggested.—The rate as it now stands in the Fordney bill, based upon American valuation, would be absolutely prohibitive as

to card clothing. The duty of \$241.90 on 272 square feet of card clothing approximates 89 cents per square foot, an advance of 100 per cent over the Payne-Aldrich rate of 45 cents per square foot. A duty at 18 per cent on American value of \$691.15 would equal \$124.40, approximately equivalent to 45 cents per square foot.

A rate on card clothing not higher than 40 cents per square foot, or 18 per cent ad valorem based upon American valuation, is strongly urged. Either of these would provide ample protection to the American manufacturer.

A specific duty is favored as it would help the Government officials in estimating the revenue, lessen the likelihood of litigation, and be better and fairer for all concerned.

PARAGRAPH 339.—ALUMINUM WARE.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. B. C. Ziegler, representing the aluminum-ware manufacturers of the United States; address, West Bend, Ind.

Hearings: Pages 1851-1869.

Costs and selling prices.—Manufacturing costs in Germany are approximately 65 to 70 per cent lower than in the United States. The labor cost of producing aluminum ware in Germany is less than one-eighth of the labor cost of producing similar ware in the United States, and the raw material used costs probably one-half or less in Germany than in this country. In America an aluminum utensil costing \$1 to produce represents 50 cents labor and 50 cents material cost, and for a similar article made in Germany the cost represents 6½ cents for labor and 25 cents for material, or a total of 31½ cents.

The selling prices of German aluminum ware at the present time are artificially cheap, because of the depreciated value of the German mark. The price of domestic aluminum ware is now about 35 per cent less than it was a year ago, and it is about 75 per cent higher than the prewar price, due to the higher cost of raw material and the increased cost of labor.

Size of industry.—A brief was presented on behalf of 34 manufacturers of aluminum ware in the United States. Thirty-two out of the 34 manufacturers are completely independent of the Aluminum Co. of America, which is a minority stockholder in one of the 34, leaving but 1 company out of the 34 which might be considered controlled or dominated by the Aluminum Co. of America. The manufacturers of aluminum ware herein represented are independent and competing concerns.

Rates suggested.—Fifteen cents per pound and 45 per cent ad valorem based upon American valuation, because of the difference in the cost abroad and here as compared with the cost before the war. The following wording of the paragraph is proposed:

Articles or wares not specially provided for in this act, composed wholly or in part of aluminum, and whether wholly or partly manufactured, 15 cents per pound and 45 per cent ad valorem.

The 45 per cent ad valorem duty recommended is the one that, with the exception of the last eight years, prevailed almost continuously since 1883, and the suggested additional duty of 15 cents per pound

would serve to prevent undervaluation and also, in a small degree, supplement the ad valorem duty.

Under the present low value of the German mark the cost of export by Germany, translated into American dollars, is so low that any duty imposed would be of little avail in preventing the flooding of American markets unless such duty were based upon the value of the goods as produced in this country.

Remarks.—As previously stated, the rates asked are 15 cents specific and 45 per cent ad valorem. Assuming the cost of production in Germany to be 31 or 32 cents a pound, and adding 8 or 9 cents for freight to the United States and a fair profit, the American importer can buy this article in New York for about 40 cents.

On this basis the following indicates the result of applying the rates asked for with American valuation:

Assume that a pound of fabricated aluminum is worth \$1, and the amount paid by the American importer 40 cents. Adding 45 per cent as ad valorem duty and 15 cents for the specific, the amount is \$1. This indicates that even with the proposed rates the imported German article would slightly undersell the American article.

If the German article can be bought in New York for 40 cents a pound, the rates are adequate. If it can not, the rates are inadequate; and if the German article costs more than 40 cents, the tariff, of course, would be too high. But in that case there is no danger that the American consumer will have to pay artificially high prices for aluminum ware, for three reasons: (1) The actual and keen competition between American manufacturers of aluminum ware; (2) aluminum ware must compete in the United States with enamel ware; and (3) the present manufacturing capacity of aluminum-ware manufacturers is three or four times the consumption.

In a supplemental brief dated August 15, 1921, reference is made to the brief of March 16, 1921 (cited above), with a request that the two be considered together. The later brief sets forth the arguments in support of the request for higher duties, pointing out that a rate of 28 per cent ad valorem is inadequate to afford any measure of protection to this American industry.

PARAGRAPH 339.—ENAMEL WARE.

INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

American manufacturers of enamel ware. (Brief.)

REQUESTING RECLASSIFICATION:

L. D. Cahn Co., importers, New York City. (Brief.)

Hearings: Pages 1869–1884.

Witness: American manufacturers of enamel ware.

Costs and selling prices.—The table below, comparing labor costs in Germany and the United States, shows that the cost of labor in Germany to-day (1921), basing the value of the mark at 2 cents American money, is just one-eighth of the cost for the same work in the United States.

	United States, per hour (cents).	Germany, per hour.	
		Cents.	Marks.
Machinists.....	76½	9	4½
Pressmen.....	65	9	4½
Spinners, beadrs, small punch presses.....	62	8	4
Riveters and welders.....	58½	5½	2½
Picklers.....	58	9	4½
Dippers (average of men and girls).....	53½	6½	3½
Inspectors (girls).....	45½	5	2½
Burners.....	70½	9	4½
Sorters and wrappers (female).....	35½	5	2½
Packers.....	58½	8½	4½
Common labor.....	47½	7½	3½
Average wages, per hour.....	57½	7½	3½

On the basis of this tabulation of comparative wages and of material costs an expert of the Treasury Department figured that it would require an ad valorem duty of 767 per cent to equalize the difference in the cost of production of enameled ware in Germany and the United States.

The ratio of labor cost to the total cost of production is 37½ per cent. Adding to this the indirect labor, such as clerks, foremen, office force, etc., it is seen that the total cost of labor is easily 50 per cent of the total cost of production.

The following table shows comparative American and German prices of enameled kitchen utensils:

Comparative American and German prices of enameled kitchen utensils.

[We have taken the weight and cubic measurements of the different cases. The quantities vary according to sizes, but have reduced the weight and cubic measurements to basis of 1 dozen each.]

Item.	Case.	Size.	Gross weight per pound.	Cubic inches per dozen.	United States selling price.	Per cent duty at 5 cents per pound.	Amount of duty at 5 cents per pound.	Duty 40 per cent ad valorem.	Total duty.	German selling price.	German prices, duty added.	United States selling price.
Washbasins.	Dozen.											
Do.	12	No. 28.	11½	432	\$4.32	13½	\$0.58	\$1.73	\$2.31	\$1.80	\$4.11	\$4.32
Do.	12	No. 30.	13½	473	4.96	13½	.66	1.96	2.64	2.08	4.69	4.96
Do.	12	No. 32.	15½	576	5.76	13½	.77	2.30	3.07	2.25	5.32	5.76
Do.	6	No. 34.	18½	664	6.72	13½	.91	2.69	3.60	2.60	6.20	6.72
Do.	6	No. 40.	22	822	8.28	13½	1.10	3.71	4.81	3.26	8.06	8.28
Straight seamless cups.	25	1 pint.	6½	829	2.40	13½	.32	1.96	1.28	1.02	2.30	2.40
Do.	12	No. 11.	14	2,879	2.60	13½	.58	1.12	1.50	1.20	2.70	2.60
Chambers.	6	No. 11.	15½	2,860	5.12	13½	.66	2.94	2.81	2.25	5.06	5.12
Do.	6	No. 2.	18½	3,744	6.40	13½	.77	3.66	3.54	2.65	6.19	6.40
Do.	6	No. 2.	25	5,184	7.04	13½	1.22	2.82	4.04	3.20	7.24	7.04
Soap dishes.	36	No. 60.	4½	192	3.60	9½	.21	1.20	1.41	1.00	3.01	3.00
Lip saucers.	26	No. 14, 1 quart.	6½	481	3.84	9½	.24	1.54	1.78	1.45	3.20	3.52
Do.	26	No. 16, 1 quart.	8½	622	3.84	11½	.44	1.73	1.93	1.65	3.83	3.84
Do.	18	No. 18, 2 quarts.	12½	985	4.32	13½	.61	2.17	2.34	1.85	4.59	4.32
Do.	12	No. 22, 3 quarts.	15	1,152	5.44	13½	.75	2.17	2.82	3.20	6.12	5.44
General average.					5.00	13½	.67	2.00	2.67	2.17	4.84	5.00

Figuring the above on net weight basis, the average net prices would be as follows: As applied to German prices, \$4.60 instead of \$4.84, this difference being 9 per cent on net weight, as against 13½ per cent on gross weight.

Samples of Japanese enameled ware are being shown, and orders solicited, at prices below the cost of production in this country.

Size of industry.—Twenty-six manufacturers of enameled kitchen utensils, employed approximately 13,850 persons in 1920, and normally employ approximately 18,000 persons.

Rates suggested.—The following recommendations are made:

1. The enactment of an antidumping bill.
2. The passage of a measure providing for the establishment of duties on American valuation in American dollars at the port of entry, instead of the fair market selling prices in the countries in which goods are produced.
3. That if goods are to be valued at United States fair market selling prices, then a duty of 5 cents per pound and 40 per cent ad valorem should be provided on the enameled ware enumerated.

The cost of export by Germany, when translated into American dollars, is so low that any duty that might be imposed would be of little avail in preventing the flooding of American markets, unless such duty were to be based upon the value of the goods as produced in this country rather than on the value in Germany with duty figured on the depreciated rate of exchange, as is the case at the present time.

With the value of the mark less than 10 per cent of its normal value, the present duty of 25 per cent is in reality less than 2½ per cent when translated into United States valuation.

Witness: L. D. Cahn Co., importers, New York City. (Brief; no appearance at hearings.)

Comparability.—For the last 15 years imports of enamel ware have declined, partly due to advancing costs in Europe. In 1913 they mounted to a little over 3 per cent of the estimated domestic production. The cheaper grades of European enamel ware can no longer be successfully imported, owing to the lower costs of steel and coal in the United States, which make it possible to produce enamel ware cheaper in America than in Europe. At present only the higher grades of enamel ware are imported, chiefly from Czechoslovakia, and these are sold at prices ranging from 33½ to 50 per cent above those of the best domestic makes. Landed costs of Czechoslovakian ware are now 100 per cent above pre-war.

There is a great range in character, labor content, and value in enamel ware, which would render inequitable any specific or compound duties. The equivalent ad valorem of a specific duty on different sizes of the same article shows variations of from 40 to 200 per cent.

It is suggested that enamel ware and aluminum ware, covered by the same paragraph in the bill, be treated separately, as they are made by entirely different processes and have nothing in common except their uses.

PARAGRAPH 340.—SAWS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. H. C. Atkins, representing saw manufacturers; address, Indianapolis, Ind.

E. C. Atkins & Co., Indianapolis, Ind., Henry Disston & Sons, Philadelphia, Pa., the Simonds Manufacturing Co., Fitchburg, Mass. (Joint brief.)

Hearings: Pages 1885-1888.

Costs and selling prices.—The wages paid here and abroad are as follows: Sawsmiths, from 65 to 80 cents an hour; in Europe, 31½ cents. Machinists and machine operators, from 55 to 80 cents; in Europe, 28 cents. Ordinary labor 35 cents per hour; in Europe 19½ cents.

A band saw costing 85 cents per foot to produce in the United States is sold in France at 45 cents per foot; with duty added it would sell for 61 cents per foot in the United States.

The American cost and the selling price (with duty paid) on French goods are as follows: American hacksaw blades, \$7.90 per gross; French, \$4.45. American narrow band saws, \$1.51; French, 88 cents.

Rates suggested.—On band saws 35 per cent ad valorem and on other saws 25 per cent ad valorem; on steel strips, tempered only or tempered and polished, a specific duty of 10 cents per pound and 20 per cent ad valorem.

In the past, band-saw steel has been imported into this country and sold directly to the users of sawmills for their filers or the employees in their filing room to make up into finished saws; this put a large amount of equipment out of commission in the saw factories.

Where the rates of duty are intended to cover band-saw steel there should be specific reference to steel strips in coils or otherwise, if tempered or tempered and polished, carrying a specific duty of 10 cents per pound and 20 per cent ad valorem.

Witnesses: E. C. Atkins & Co., Indianapolis, Ind.; Henry Disston & Sons, Philadelphia, Pa.; and the Simonds Manufacturing Co., Fitchburg, Mass. (Joint brief; no appearance at hearings.)

Costs and selling prices.—E. C. Atkins & Co. are able to manufacture in their Canadian factory, paying Canadian dollars for labor, and sell the product in the United States at United States prices in American dollars at about even figures, the duty being offset by the exchange rate.

In making the following comparisons between domestic costs and foreign selling prices the domestic load is figured as it was, not as it is. For example:

4-inch band saw—

Domestic cost, per foot.....	\$0.85
Peugeot Freres, France, sells at, per foot.....	\$0.45
Plus 15 per cent American valuation, per foot.....	.16
	.61
Difference per foot.....	.24

Hacksaw blades—

Domestic, 12 by ½ by 22-inch gauge, cost, per gross.....	7.90
Ritsche & Co., Frankfort, sell at 3.60 francs per dozen, or per gross.....	3.24
Plus 15 per cent per gross.....	1.21
	4.45
A difference per gross of.....	3.45

Narrow-band saws, 1-inch wide—

Domestic, cost per meter.....	.294
Peugeot's price per meter.....	.18
Plus 15 per cent, American valuation.....	.038
	.218
Peugeot total, duty paid.....	.218
Difference.....	.0745

Comparing selling prices on three sizes of narrow band saws, $\frac{1}{2}$, 1, and 2 inch, the domestic extreme price for 3 meters (1 meter of each size) is \$1.15 compared to Peugeot's price of 65 cents. Even with 15 per cent American valuation duty added, the foreigner's price is only 88 cents.

Crosscut saws made in Sweden are available at a price of \$1.94 for a 5-foot common tooth saw. Adding 15 per cent duty at American valuation on the domestic price of \$2.80, the Swedish saw is bought for \$2.36 or, with 25 per cent duty, for \$2.64.

Foreign selling prices on circular saws vary from \$1.66 per unit in France to \$2.35 in Sweden, as compared with the domestic extreme selling price of \$3.20.

Size of industry.—The signers of the brief represented an industry with an invested capital of \$20,000,000 to \$25,000,000, employing from 6,000 to 7,000 workers, exclusive of office and sales employees, and producing an output valued at from \$25,000,000 to \$30,000,000.

Rates suggested.—All saws to carry an ad valorem rate, based upon American valuation, of 25 per cent, except band saws, which should carry at least 35 per cent ad valorem. Steel strips, tempered, or tempered and polished only, should carry a specific duty of 10 cents per pound and 20 per cent ad valorem, because they are sold to be toothed and finished, to the detriment of the finished band-saw industry.

Remarks.—The wage situation is accurately reflected in foreign competition. For example, wages in this industry, here and abroad, compare as follows:

[Cents per hour.]

Type of labor.	Wages in the United States.	Wages in Europe.
Saw smiths.....	65-80	31½
Machinists.....	55-80	28
Common labor.....	35	19½

The European wages cited are not the low wages of Germany, but are wages actually paid in France, figured on a basis of a franc at 8 cents.

PARAGRAPH 343.—NEEDLES.

WITNESSES.

FAVORING PROPOSED OR HIGHER DUTIES:

The Boye Needle Co., Chicago, Ill. (Brief.)
Potter & Snell, Deep River, Conn. (Brief.)

FAVORING LOWER DUTIES:

Durbrow & Hearne, New York, N. Y. (Brief.)
J. A. Coates & Sons (Ltd.), East Orange, N. J. (Brief.)

Witness: The Boye Needle Co., Chicago, Ill. (Brief; no appearance at hearings.)

Costs and selling prices.—The company's manufacturing cost for 1,000 crochet needles is \$22.01, 90 per cent of which is made up of labor, 10 per cent of material.

The average market price of crochet needles in Europe is "\$10 per 1,000, United States funds." The average price to the American jobber is \$3.25 per gross—\$22.56 per 1,000. The duty provided for in H. R. 7456 would therefore bring the cost of crochet needles to the American importer as follows:

	Per thousand.
Crochet needles.....	\$10. 00
Estimated freight, consular, etc.....	. 75
Duty, 25 per cent of American price (\$3.25 per gross).....	5. 64
Special duty.....	1. 15
Total.....	17. 54

The difference between the company's manufacturing cost and the importer's cost under H. R. 7456 would amount, therefore, to \$4.47.

Size of industry.—The manufacture of crochet needles is a new industry in this country, having been started during the war. The company knows of only three other manufacturers in the United States.

Rates suggested.—An ad valorem rate of 60 per cent.

Witness: Potter & Snell, manufacturers of bright wire goods, Deep River, Conn. (Brief; no appearance at hearings.)

Costs and selling prices.—The cost of a steel crochet hook lies almost entirely in the labor item, representing about 90 per cent of the total. Steel crochet hooks are sold almost entirely through the 5 and 10 cent stores and department stores. The selling price is thus fixed at 5 cents for the cheaper and 10 cents for the better grades. It makes no difference how cheap these houses buy the goods; their selling price remains the same and extra profit is gained by buying the German goods.

Size of industry.—The principal part of the firm's business is the manufacture of steel crochet hooks; about \$150,000 is invested in the business.

Rates suggested.—Steel crochet hooks should be given a specific duty of \$1.15 per 1,000 plus an ad valorem duty of 35 per cent. The higher duty will not increase the selling price to the consumer, but the seller's profit will be less and American manufacturers will be able to meet German competition and make a fair profit.

Remarks.—Steel crochet hooks are more of a luxury than a necessity and should be taxed accordingly. They are used for crocheting lace and other articles of personal adornment, and not for making the necessities of life. H. R. 7456 provides a duty of \$1.15 per 1,000 and 25 per centum ad valorem. Although skilled labor is required in their manufacture, it is noted that, in the same paragraph of the proposed law, tape and knitting needles, and in paragraph 344, fishhooks—articles requiring no skilled labor in their manufacture and certainly no more of a luxury than steel crochet hooks—are given higher rates of duty. Also, in paragraph 372, lace-making machines are given an ad valorem duty of 35 per cent. Crochet hooks should not be classified as "crochet needles"; they are not needles, but hooks.

Witness: Durbrow & Hearne, manufacturers and importers, New York City. (Brief; no appearance at hearings.)

Costs and selling prices.—Spring beard needles of American manufacture sell in this country to-day for about \$3.50 per 1,000. Needles for hand-embroidering machines, which are not made in this country, cost about \$1.20 per 1,000. There is a great deal of variation in the cost of sewing-machine needles. Ordinary latch needles are estimated to be worth not over \$8 per 1,000.

Rates suggested.—Having regard to the selling prices cited above, the brief points out that the duties under H. R. 7456, converted into ad valorem, would range from 55 to 125 per cent. Attention is called to the latter part of the paragraph, referring to needle cases or needle books. There are bona fide needle cases, in which the value of the case far transcends the value of the contained hand-sewing needles, and a duty on such an article is highly proper. So long, however, as hand-sewing needles are duty free it is illogical to place a duty on the needle case where the value of the needle case, in many instances, is no greater than the value of the ordinary wrappings in which the hand-sewing needles are put up. In other words, where a needle case is substituted for the ordinary envelopes and wrappings, there should be no duty on the goods.

Witness: J. A. Coates & Sons (Ltd.), manufacturers of needles, etc., East Orange, N. J. (Brief; no appearance at hearings.)

Size of industry.—Thirty-five or forty years ago there were about a dozen manufactories of sewing-machine needles in America. Following their absorption by the Torrington Co., of Torrington, Conn., all were closed down but two, the "National" at Springfield, Mass., and the "Excelsior" at Torrington, Conn.

There are only three other manufacturers of sewing-machine needles in America—the Singer Sewing Machine Co., Elizabeth, N. J.; the National Sewing Machine Co., Belvidere, Ill.; and the New Home Sewing Machine Co., Orange, Mass.

Although there are dozens of others, including the Coates Co., who claim to be manufacturers, not one sewing-machine needle is made in the United States outside of these four plants, and the latter three make them as a minor detail of their business as sewing machine makers.

Remarks.—Mr. John Alvord, practically the sole owner of the Torrington Co., is a multimillionaire from the monopoly that he has enjoyed in the manufacture of sewing-machine needles. The question arises: Is it fair to add to these millions at the expense of the few importers of needles and the consumer?

PARAGRAPH 349.—METAL TROUSER BUTTONS, ETC.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

The Universal Button Fastening & Button Co., Detroit, Mich. (Brief; no appearance at hearings.)

Costs and selling prices.—"Patent buttons" are buttons which come in two parts—the button proper and the tack or staple, both of metal. A "patent button" in general demand is that described as the 27-line, close-top, plain brass button. This is one of the most popular buttons for overalls and costs the company \$5.15 per gross. Its net selling price is \$5.24.

Size of industry.—Practically all "patent buttons" in the country are manufactured by the following companies: Scovill Manufacturing Co., Waterbury, Conn.; Universal Button Fastening & Button Co., Detroit, Mich.; Patent Button Co., Waterbury, Conn.; C. Radcliffe & Sons' Co., Newark, N. J.

The Universal Button Fastening & Button Co. has approximately \$1,000,000 invested in special machinery for making "patent buttons" and button fasteners for attaching. This machinery can be used only in this business, and if the business is destroyed it is a total loss.

Comparability.—It is obviously impossible to obtain exact figures as to costs in Germany. Where comparisons could be made it is found that the cost of labor in Germany is about 9 per cent of that in the United States. The German can make the above-mentioned button for \$1.59—roughly, a little more than one-third of the American cost.

Rates suggested.—It is urged that paragraph 349 be amended to read as follows:

Buttons of metal and part metal, three-fourths of 1 cent per line per gross; and in addition thereto 20 per cent ad valorem; metal buttons, embossed with a design, device, pattern, or lettering, 35 per cent ad valorem or the rate for plain metal and part-metal buttons, whichever is higher: *Provided*, That the term "line," as used in this paragraph, shall mean the line button measure of one-fortieth of 1 inch.

Remarks.—There is no logical reason for distinguishing between "metal trouser buttons" and "buttons of metal not specially provided for." The Universal Button Fastening & Button Co.'s chief button is known as an overall button, and is used mainly on overalls, but it is also used on trousers, coats, and underwear, and on rain-coats. During the war it was used extensively on shelter tents.

It is believed that a button similar to those made by the Universal Button Fastening & Button Co. would properly be called an "overall" button and pay a duty of three-fourths of 1 cent per line per gross under the bill as now drawn as a "button of metal not specially provided for." But a foreign importer could call it a "trouser" button and claim a duty of one-fourth of 1 cent per line per gross if it was a steel button or one-twelfth of 1 cent per line per gross if it was a metal button, not a steel or nickel bar button. There are apparently no customs decisions on this doubtful point.

It is therefore urged that all attempted distinction in metal buttons be done away with and that the same tariff be made applicable to all metal buttons. The pending bill provides for a duty of 35 per cent ad valorem on "metal buttons embossed with a design, device, pattern, or lettering." In some cases the duty of three-fourths of 1 cent per line per gross plus 20 per cent ad valorem, which is provided for plain buttons in the amendment herein urged, will probably be more than 35 per cent ad valorem. Obviously an importer could have the duty reduced by embossing his buttons. This would be particularly profitable, as the embossed button is the more desirable article. To prevent such an evasion the amendment makes the rate for embossed buttons 35 per cent ad valorem "or the rate for plain metal and part-metal buttons, whichever is higher."

PARAGRAPH 349.—METAL BUTTONS.

WITNESS, AND INTEREST REPRESENTED.

REQUESTING RECLASSIFICATION:

Mr. James Turner, Detroit, Mich., representing the Universal Button Fastening Co. and three other concerns.

Hearings: Pages 5336-5343.

Costs and selling prices.—The average wage per hour for machinists in Germany in iron and steel and metal working industries, February, 1920, was 3.52 marks; with a mark value of \$0.0118. These wages were, in United States currency, 4.15 cents. Wages paid machinists of the Universal Button Fastening & Button Co., 45 cents; skilled mechanics and tool makers are paid 75 to 95 cents.

A "patent button" in general is that described as the 27-line close-top plain brass button—one of the most popular for overalls. This button cost the Universal Button Fastening & Button Co. \$5.15 per great gross. Selling price, net, \$5.24 a great gross.

Effect of duty asked for: Overall button, 27-line, American valuation, \$5.25:

Three-fourths of 1 cent per line per gross, or 9 cents per line per great gross.....	\$2. 43
20 per cent ad valorem, American valuation (\$5.24).....	1. 05
Total duty.....	3. 48
Differential (cost \$5.15—\$3.48).....	1. 67
Less freight rate to America.....	. 08
Differential less freight rate.....	1. 59

It will be seen, therefore, that a German who can make this button for \$1.59, or a little more than one-third of the American cost, can undersell. The German cost of labor was only 9 per cent, or one-eleventh, of that in the United States when the mark was at more than double its present value.

Rates suggested.—Buttons of metal and part metal, three-fourths of 1 cent per line per gross; and in addition thereto, 20 per cent ad valorem; metal buttons embossed with a design, device, pattern, or lettering, 35 per cent ad valorem, or the rate for plain metal and part metal buttons, whichever is higher, provided that the term "line" as used in this paragraph shall mean the line button measure of one-fortieth of 1 inch.

Remarks.—There is no logical reason for distinguishing in the tariff between "metal trouser buttons" and "buttons of metal not specially provided for." The witness's company is uncertain whether imported buttons similar to those (overall buttons) it produces would be classed as "metal trouser buttons" or as "buttons of metal not specially provided for." There are apparently no customs decisions on this doubtful point. Imports of metal trouser buttons have been negligible. The distinction in classification between metal trouser buttons and metal buttons n. s. p. f. was originally put in the tariff 25 years ago to reach a class of highly polished steel buttons then in vogue but now practically obsolete. An amendment is proposed with respect to embossed metal buttons. Instead of simply providing for an ad valorem rate of 35 per cent, the proposed amend-

ment adds "or the rate for plain metal or part metal buttons, whichever is higher." In some cases the duty of three-fourths of 1 cent per line per gross, plus 20 per cent *ad valorem*, provided for plain buttons will be more than 35 per cent. As the paragraph now stands, an importer could, in some instances, bring in embossed buttons, which are the most desirable ones, at a lower rate of duty than that imposed on plain ones. German manufacturers are known to be in possession of complete button machinery.

In a brief dated December 1, 1921, the witness's company distinguishes "patent buttons" as those coming in in two parts, the button proper and the back or staple, both of metal. The brief recapitulates the leading features of the oral testimony.

PARAGRAPH 351.—PENS.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING LOWER DUTIES:

Mr. F. T. Blakeman, representing the Spencerian Pen Co. and Joseph Gillott & Sons (importers); address, New York City.

Hearings: Pages 1889-1892.

Costs and selling prices.—The cost of English labor in this industry is 66 per cent of the total cost, although it has been asserted, in recent Ways and Means hearings, that it is only 30 per cent. The prices of the Spencerian Pen Co. and Joseph Gillott & Sons to the trade are, respectively, 46 per cent and 57 per cent higher than the lowest price quoted to the trade by domestic manufacturers, and the prices quoted by the Spencerian Pen Co. on Federal and school contracts are 66 per cent higher than the domestic quotations. The prices quoted by domestic manufacturers on export goods were from 25 to 33½ per cent less than the prices offered to the home trade. The purchasing agent for the Government of Porto Rico has accepted the bid of a leading domestic pen manufacturer of 43 cents per gross on a school-supply proposal. The lowest net trade prices per gross are: Domestic, \$0.65; Spencerian, \$0.95; Gillott, \$1.02. The school prices per gross are: Domestic, \$0.57; Spencerian, \$0.95; Gillott, \$0.65. The Government prices per gross are: Domestic, \$0.56; Spencerian, \$0.95.

Size of industry.—Last year, of 2,950,000 gross manufactured in the United States, 450,000 gross were exported as against an importation of 775,000 gross.

Rates suggested.—That the present specific duty of 8 cents a gross be allowed to remain, the volume of imported steel pens being very small in comparison with the total number of pens made in this country. Under the present duty American manufacturers can undersell the imported article in the United States and can afford to offer their products abroad at much below the domestic price. It is evident, therefore, that they are not in danger of competition with foreign-made steel pens.

The proposed increase of 4 cents would work an undue hardship on the importers of steel pens, and especially on the Spencerian Pen Co., who import 67 per cent of the foreign pens used in this country.

This would result in the importation of fewer pens, with a constant decrease in revenue to the Government. Furthermore, owing to the high price of imported pens, the interests of the domestic pen manufacturers are not jeopardized by present conditions.

PARAGRAPH 352; ALSO PARAGRAPH 1450 OF SCHEDULE 14.—METAL PENCILS AND LEAD REFILLS.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. C. J. Frechette, representing the Wahl Co., as secretary-assistant treasurer.

Hearings: Pages 1892-1901.

Costs and selling prices.—The style of pencil retailing at a dollar is sold to the dealer at 60 cents and costs a little over 57 cents to make. The labor cost is approximately 34 cents, and the material cost 23 cents. The German total cost is estimated at 28.93 cents.

The style retailing at \$3 is sold to the dealer at \$1.80 and costs \$1.37 to make. A similar pencil can be manufactured by German concerns at an estimated cost of 69.63 cents.

Size of industry.—On January 1, 1921, the company's investment in land, buildings, machinery, tools, and equipment was \$1,513,781. The factory contains 6 acres of floor space; the manufacturing capacity is 40,000 pencils and 10,000 fountain pens per day, and when the factory is run at full capacity approximately 2,000 operators are employed. The net sales for 1920 amounted to \$7,382,850, and for the first six months of 1921 to \$2,413,773.

To-day there are over 10,000,000 of these American pencils in use throughout the world, representing sales aggregating approximately \$12,000,000 at wholesale, or about \$20,000,000 at retail prices. In addition, the lead-refill business, up to June 30, 1921, exceeded \$900,000 at wholesale prices, equivalent to over \$1,500,000 at retail prices.

Comparability.—No definite information is given, but the inference is that the American and the German product are comparable.

Rates suggested.—A duty of 50 per cent ad valorem on American valuation on both pencils and lead for refilling.

PARAGRAPH 354.—POCKETKNIVES.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Charles F. Rockwell, representing American pocketknife manufacturers; address, Meriden, Conn.

Hearings: Pages 1901-1906.

Costs and selling prices.—A German cutlery operative receives in the American equivalent \$3.75 per week as contrasted with \$30 per week for the corresponding American workman. Eighty per cent of the cost of manufacture is labor.

The price of a German stag knife is \$4.78, while the price of a comparable American knife is \$12.25. In this instance the German is the better knife.

Size of industry.—Witness represents 30 American pocketknife manufacturers, who employed 6,200 men a year ago and at the present

time employ less than 1,800 men; at least 600 or 800 of these are working on short time.

Rates suggested.—The rates as provided in paragraph 354 to be continued. They do not equalize the increased difference between labor in this country and abroad, particularly as over 80 per cent of foreign competition is with Germany.

PARAGRAPHS 354, 355, 357, AND 358.—OTHER CUTLERY.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. J. A. Chrestensen, representing manufacturers of cutlery; address, Franklinville, N. Y.

FAVORING LOWER DUTIES:

Mr. Robert N. Kastor, representing the Cutlery Importers' Association.

Hearings: Pages 1929–1936.

Witness: Mr. J. A. Chrestensen, representing manufacturers of cutlery.

Costs and selling prices.—The following examples illustrate imported values as compared with American selling prices: A 9-inch cook knife costs in Germany \$3.07 per dozen. A comparable knife of American make sells for \$11 per dozen. The duty on the foreign knife would be \$4.81, and 5 per cent for freight and insurance would be 15 cents, making a total landed cost of \$8.03 per dozen. This foreign knife was sold to the firm's customers upon their requisition for \$20 per dozen.

An 8-inch butcher knife costs in Germany \$1.73 per dozen. A comparable knife of American make sells for \$6 per dozen. The duty on the foreign knife would be \$3.06, and 5 per cent for freight and insurance would be 9 cents, making a total landed cost of \$4.88. This foreign knife was sold to the firm's customers under an invoice at \$12 per dozen.

A 10-inch butcher knife costs in Germany \$2.37 per dozen. A comparable knife of American make sells for \$8.37 per dozen. The duty on the foreign knife would be \$3.89, and 5 per cent for freight and insurance would be 12 cents, making a total landed cost of \$6.38.

This same 10-inch butcher knife can be imported to-day under the Underwood bill, including the 5 per cent for freight and insurance, for \$3.08, as compared with the price of the American article of \$8.37.

Rates suggested.—The schedules already in this paragraph (355) are recommended.

Hearings: Pages 1907–1929.

Witness: Mr. R. N. Kastor, representing the Cutlery Importers' Association.

Costs and selling prices.—The average wage paid in the United States is \$19 per week, and the average wage paid in Germany for the same kind of labor is \$4, \$5, or \$6 per week.

The following examples will illustrate the operation of the American valuation plan: A boy's one-bladed knife costs 33 cents per dozen in Germany, and the American knife sells for \$1 per dozen. The duty on this knife under the Fordney bill would be 90 cents per dozen, making a total cost of \$1.23 per dozen, exclusive of ocean freight, insurance, expense of any kind, and profit to the importer.

A 5½-inch scissors costs 85 cents per dozen in Germany, and the American scissors sells for \$2.27 per dozen. The duty on this scissors would be \$3.19, making a total cost of \$4.04 per dozen, exclusive of ocean freight, insurance, expense of any kind, and profit to the importer.

A No. 525, five-eighths square-point razor costs \$1.17 per dozen in Germany, and the American razor sells for \$3.25 per dozen. The duty on this razor would be \$2.90 per dozen, making a total cost of \$4.07 per dozen, exclusive of ocean freight, insurance, expense of any kind, and profit to the importer.

A pocketknife (No. 6066, a premium stock knife) costs \$4.78 per dozen in Germany, and the American pocketknife sells for \$12 per dozen.¹ The duty on this knife would be \$4.90 per dozen, making a total cost of \$9.68 per dozen. That knife costs \$7.91 in the American factory, and the European knife costs the importer to land, without insurance, freight, or expense of any kind, \$9.68.

The following table shows the cost to the importer of foreign-made cutlery and the percentage duty on foreign costs:

Articles.	Foreign cost in United States currency.	Domestic value.	Duty.	Cost to importer.	Percentage duty on foreign costs.
Pocketknives:					
404.....	\$0.33	\$1.00	\$0.90	\$1.23	272
614 DW.....	.60	2.75	2.02	2.62	337
N 2000 St.....	.80	3.60	3.48	4.28	435
6042.....	2.33	7.00	4.50	6.83	193
6066.....	4.78	12.25	7.27	12.05	152
Scissors:					
9338, 5½-inch.....	.85	2.27	3.19	4.04	373
8764, 3½-inch.....	1.35	3.70	3.69	5.04	274
1535, 3½-inch.....	3.23	5.75	4.13	7.36	128
2610, 7½-inch.....	5.13	8.66	5.33	10.46	104
Razors:					
520, 5/8 S. P.....	1.17	3.25	2.90	4.07	247
101, 5/8 S. P.....	6.23	11.70	5.91	12.14	95
Table cutlery:					
Butchers' knife.....	2.79	3.50	3.14	5.93	113
55 stag C. set.....	23.35	50.40	23.40	46.75	100

The following table illustrates the difference in duty when applying the Fordney rates with American valuation and the same rates with foreign valuation:

Article.	Foreign value.	Duty.	Percent- age.	Duty on domestic value.	Percent- age on foreign value.
Pocketknives:					
N 9090.....	\$1.00	\$0.90	90	\$3.76	376
5794.....	2.00	1.80	90	4.65	232½
7915 P.....	3.00	2.10	70	7.65	255
Scissors:					
102, 4½-inch.....	1.00	2.15	215	3.52	352
1060, 6-inch.....	2.00	3.10	155	4.50	225
950, 6-inch.....	3.00	3.45	115	5.20	173
Razors:					
225.....	1.00	1.50	150	2.90	290
1552.....	2.00	2.04	102	4.50	225
1100.....	3.00	2.82	94	5.40	180

¹ This checks the testimony of Mr. Chas. F. Rockwell (page 1904).

On pocketknives ranging from \$1 to \$3 in foreign value the average duty on that value, as per the Fordney rates, is 83 per cent. But when the Fordney rates on these same goods are computed on the American valuation, the average percentage rate is increased from 83 per cent to 287 per cent.

Size of industry.—The figures of recent years indicate that the domestic industry turned out pocketknives valued at \$10,000,000 a year.

Rates suggested.—The rates should be revised so as to provide straight ad valorem duties as follows:

	Per cent.
Paragraph 354, pocketknives, etc.....	40
Paragraph 355, table cutlery, etc.....	20
Paragraph 357, scissors, etc.....	40
Paragraph 359, razors, etc.....	40
Paragraph 361, pliers and nippers, etc.....	20

The rates of duty on cutlery, based upon American valuation, defined in the Senate Finance Committee's revision of section 402 of the bill, would be an effectual bar against the importation of almost all cutlery, excepting special designs and patterns not manufactured in the United States.

A duty of 40 per cent, computed upon American valuation, affords more than ample protection, because this rate is actually equivalent to an average rate of well over 100 per cent based on foreign valuation.

It is evident from the table below that a straight ad valorem duty of 40 per cent on pocketknives, razors, and scissors, and 20 per cent on table cutlery, as suggested, would provide more than adequate protection to domestic manufacturers, and at the same time permit the continuation of imports which, however, would pay a much higher rate of duty than under either the Payne-Aldrich or the Dingley bill.

Table showing straight ad valorem duty of 40 per cent on pocketknives, scissors, and razors, and 20 per cent on table cutlery.

Article.	Foreign cost.	Domestic value.	Duty 40 and 20 per cent.	Cost to importer.	Percentage duty on foreign cost.
Pocketknives:					
404.....	\$0.33	\$1.00	\$0.40	\$0.73	121
614 DW.....	.60	2.75	1.10	1.70	183
N 2000 St.....	.80	3.60	1.44	2.24	180
6042.....	2.33	7.00	2.80	5.13	120
6068.....	4.78	12.25	4.90	9.68	202
Scissors:					
9338, 5½-inch.....	.85	2.27	.90	1.70	106
8764, 3½-inch.....	1.35	3.70	1.48	2.83	209
1535, 3½-inch.....	3.23	5.75	2.30	5.23	71
2610, 7½-inch.....	5.13	8.66	3.46	8.56	67
Razors:					
5204 SP.....	1.17	3.25	1.30	2.47	111
101½ SP.....	6.23	11.70	4.68	10.91	75
Table cutlery:			20 per cent.		
Wilson But.....	2.79	3.50	.70	3.49	21
35 Stag C.....	23.35	50.40	10.08	33.43	43

The combination of specific and ad valorem duties on articles of cutlery is described by the witness as being:

(a) Unscientific and arbitrary with reference to classification.

(b) Unequal and unfair in operation.

(c) Prohibitory as to a large class of goods.

The following table of duties and percentages on pocketknives, scissors, and razors shows the uneven and inequitable operation of the Fordney bill at a glance:

	Value per dozen.	Actual duty.	Approx- imate percent- age.		Value per dozen.	Actual duty.	Approx- imate percent- age.
Pocketknives.....	\$0.50	\$0.27	54	Scissors—Contd....	\$1.80	\$3.03	168
Do.....	.55	.76½	139	Do.....	5.00	4.15	83
Do.....	1.25	.97½	78	Razors.....	1.00	1.50	150
Do.....	1.30	1.59	122	Do.....	1.95	1.78½	91½
Do.....	3.00	2.10	70	Do.....	2.00	2.04	102
Do.....	3.20	3.36	105	Do.....	2.95	2.32½	79
Do.....	8.00	4.8	60	Do.....	3.00	2.82	94
Do.....	8.50	6.15	72	Do.....	3.95	3.10½	78
Do.....	15.00	8.10	53	Do.....	4.00	3.60	90
Scissors.....	.60	2.01	334	Do.....	10.00	5.40	54
Do.....	1.75	2.41½	138				

Remarks.—The actual result of compelling each article to bear the name of the maker would destroy, in the witness's opinion, the hard work of 40 to 50 years which cutlery importers have put in to establish their own trade names and brands. It would furnish foreign manufacturers with the best kind of free advertising.

PARAGRAPH 357.—SCISSORS AND SHEARS.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Camille L. Galroad, representing manufacturers of scissors and shears; address, Newark, N. J.

Hearings: Pages 1936–1941.

Costs and selling prices.—A 7½-inch barber shears costs in Germany \$4.59 per dozen. Under the Underwood bill there is a duty of \$1.37 per dozen, making a total cost of \$5.96 per dozen. This is sold by the retailer for \$3 per pair. Based on the proposed tariff, the duty and German cost would equal \$10.89 per dozen. An American barber's shears comparable to the above shears would sell wholesale at \$11.40 per dozen.

A scissors costing \$5.13 in Germany also sells for \$3 per pair. The American sample shown by the importer of German goods is not comparable. A comparable barber's scissors sells for \$12.40 per dozen. The duty on the German scissors would be \$6.74, making a total cost of \$11.97 per dozen.

A German scissors costing 85 cents per dozen is comparable to an American article that sells for \$1.58 per dozen, instead of \$2.27 per dozen, as is claimed by importers.

PARAGRAPH 358.—RAZORS.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. H. L. Henry, representing manufacturers of standard razors; address, Geneva, N. Y.

Hearings: Pages 1945-1948.

Costs and selling prices.—German cheap razors are made of Bessemer steel or a very cheap grade of Swedish steel and cost \$1 per dozen. They are often packed in individual cases printed "Fully concave, fully warranted," and the cases are marked \$3 or \$3.50 each. The American manufacturers make razors out of a high-grade steel.

Size of industry.—The nine factories represented employ normally about 1,300 highly skilled artisans. The factory of the Geneva Cutlery Corporation, normally employing 650 to 700 people, is now employing about 90 to 100 and running on half time.

Comparability.—The German razor at \$1.17 per dozen had been compared with a Torrey razor selling for \$3.25 per dozen. Witness read a telegram from the Torrey Razor Co., stating that the last quotation to Mr. Kastor (importer of German goods) was \$4.05 per dozen. The Boker "Red Injun" razor had been compared with a razor made by one of the smaller American factories. They are not comparable in any sense of the word. The Boker razor is a beautiful piece of work made by bonus-paid workmen, and there is no better razor made than that "Red Injun."

PARAGRAPH 359.—DENTAL INSTRUMENTS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

The Beloit Burr Manufacturing Co., Beloit, Wis. (Brief.)

REQUESTING RECLASSIFICATION:

Dr. Homer C. Brown, representing the National Dental Association, Columbus, Ohio.

Witness: The Beloit Burr Manufacturing Co., Beloit, Wis. (Brief; no appearance at hearings.)

Costs and selling prices.—The average cost to the dentist of American burrs is \$9 per gross. The saving to the average American dentist, paying \$6 per gross for the German burr (costing the German manufacturer \$1.44), will be limited to $2\frac{1}{2}$ cents per cavity operated.

Comparability.—The company has an offer, dated October 21, 1921, of German plain round burrs at 19.2 marks per dozen which, taking the then rate of exchange (six-tenths of 1 cent) and adding postage, would be equivalent to 12 cents per dozen burrs. As against this, the steel in a dozen of the company's burrs costs 3 cents and other items bring up the total cost per dozen to more than the 12 cents cited.

Rates suggested.—A duty which will bring up the cost to the importer to not less than \$5 per gross.

Hearings: Pages 1949-1951.

Witness: Dr. Homer C. Brown.

Size of industry.—The manufacture of dental instruments is an American industry whose prominence is as well recognized throughout the world as is that of the American dentist. The ratio of exports to imports exceeds 20 to 1, that is, for every dollar's worth imported, \$20 worth is exported. The dental-instrument industry is, therefore, entirely different from that manufacturing surgical instruments.

Comparability.—American dental instruments are as good as, or better than, the foreign article, but there are a few items which are manufactured abroad, such as tube teeth, burr brushes and burrs, which many dentists like to have available. The imported articles, made for special purposes, have a very limited demand and are not manufactured in the United States.

Rates suggested.—In view of the fact that dental instruments are entirely different from surgical instruments and that, moreover, the bulk of the dental instruments imported consists of small attachments costing from 60 cents to \$1 per dozen, dental instruments should be stricken from paragraph 359 and the following new paragraph incorporated in the bill:

Dental instruments, or parts thereof, composed wholly or in part of iron, steel, copper, brass, nickel, aluminum, or other metal, finished or unfinished, 35 per cent ad valorem: *Provided*, That all articles specified in this paragraph, when imported, shall, when practicable, have the name of the maker and beneath the same the country of origin die-sunk conspicuously and indelibly on the outside, or, if a jointed instrument, on the outside when closed.

The specific rate is deleted because the attachments mentioned have a very small unit value, and specific duties as proposed would advance the total ad valorem rate out of all proportion to the protection needed. Dental-instrument manufacturers in conference with practicing dentists agree that classification as proposed is the only equitable means of treating dental instruments. The National Dental Association requests the Finance Committee to consider the 35 per cent rate (American valuation) proposed as tentative, only, until steps are taken to determine the equivalent duty accruing under foreign valuation. If it were found that the proposed 35 per cent duty is much in excess of the present duty (20 per cent) on dental instruments, the rate should be adjusted accordingly.

PARAGRAPH 359.—SURGICAL INSTRUMENTS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. John J. Douglass, representing American Surgical Instruments Manufacturers, Brooklyn, N. Y.

Mr. E. J. Sovatkin, representing the Sklar Manufacturing Co., Brooklyn, N. Y.

FAVORING LOWER DUTIES:

Mr. David Walker, representing the Kny-Scheerer Corporation, New York City.

Brief of the Hospital Conference of the City of New York, the Hospital Association of Philadelphia, the Wisconsin Hospital Association, and the Illinois Conference of the Catholic Hospital Association of the United States, together with letters from various individual hospitals.

The A. S. Aloe Instrument Co., St. Louis, Mo. (Brief.)

Hearings: Pages 1951-1952.

Witness: Mr. J. J. Douglass, representing American Surgical Instruments Manufacturers.

Comparability.—Japanese goods are not as high grade as the German, and the Germans are the ones that are feared.

Rates suggested.—American surgical instrument manufacturers are satisfied with the rates proposed in the Underwood bill as it passed the House, remembering that, under the Underwood bill, American manufacturers made only 20 per cent of the surgical instruments used in this country. The proposed tariff, embodying the American valuation, would be satisfactory, as enabling American surgical-instrument manufacturers to make from 60 to 65 per cent of the goods used in the United States. That is what they should have, to give them a little opportunity in peace times as well as war. Witness's firm, Fred Haslam & Co., is working only 20 per cent of the force it had a year ago.

• Hearings: Pages 1958-1967.

Witness: Mr. E. J. Sovatkin, representing the Sklar Manufacturing Co.

Costs and selling prices.—Seventy-five to ninety-five per cent of the cost of surgical instruments is labor, paid for at 40 cents to 75 cents per hour in the United States and about 6 cents an hour in Germany. Germans to-day are selling just low enough to cut under the market here.

Size of industry.—There are about 50 manufacturers of surgical instruments in the United States. Contrary to the testimony of another witness, over 7,500 patterns of surgical instruments are made in this country.

Comparability.—American manufacturers can produce all kinds of surgical instruments if foreign competition were removed.

Rates suggested.—An ad valorem duty of 60 per cent plus the specific rates proposed. Under a 50 per cent rate domestic plants would manufacture 60 per cent of the instruments used, while at 60 per cent, all instruments would be domestic except those which for some reason could not be made here. Surgical instrument costs form but a small part (one-tenth of 1 per cent) of the total expenditure of hospitals, and the duty would work but little hardship.

Hearings: Pages 1956-1958.

Witness: Mr. D. Walker, representing the Kny-Scheerer Corporation.

Costs and selling prices.—Hemostatic forceps cost abroad \$4.20; American wholesale prices of various domestic manufacturers are, respectively, \$10.20, \$10.20, \$10.20, and \$12. (See below under "Rates suggested.")

Size of industry.—The whole surgical instrument field covers 10,000 items, of which probably no more than 20 per cent are manufactured in the United States. Imports are absolutely essential to the efficient operation of American surgery, because even with excessive duties some would still be imported and prices would be so high that American surgery would suffer.

Rates suggested.—The rates of duty should be decreased to the American valuation equivalent of 20 per cent of the foreign valuation. The following table shows that the proposed rate would amount

to 70 to 123 per cent on foreign valuation, and that the selling prices of domestic manufacturers are to-day less than the prices charged for the foreign product:

Figures applying to surgical instruments, paragraph 359 of H. R. 7456.

Title.	Present cost.		Present selling price of imported and domestic makes.				Under proposed American valuation.		
	Germany.	New York.	Kny-Scheerer Corporation.	Haslam.	Sklar.	Pilling.	Cost will be in New York.	Equal to duty of (per cent)—	Based on average American selling price per dozen.
Hemostatic forceps, 20 per cent.	\$4.20	\$5.28	\$10.20	\$10.20	\$10.20	\$12.00	\$8.33	123	\$11.00
Minor operating knives, 20 per cent.	4.20	5.28	7.80	6.00	7.90	13.00	7.53	70½	7.00
Bandage shears, 20 per cent.	6.00	8.16	16.20	12.48	12.00	13.00	12.00	94	12.00
Thumb forceps, 20 per cent.	2.40	3.00	5.40	4.00	4.20	4.50	5.79	88	5.00
Sponge forceps, 20 per cent.	6.00	8.28	16.20	12.00	12.00	12.00	12.54	80½	12.00
Dressing forceps, 20 per cent.	6.00	8.28	15.60	13.20	13.20	15.00	13.20	89½	14.00
Uterine dilator, 30 per cent.	33.00	41.28	72.00	48.00	13.20	66.00	57.21	80½	60.00

NOTE.—If the American-valuation plan is adopted, we respectfully suggest that the proposed specific duty be eliminated and the ad valorem duty be fixed at 10 per cent, or at most 15 per cent, ad valorem, because we find that the present revenue on a basis of 20 per cent duty would (if applied to "American valuation") be equal to 7–11 per cent.

Remarks.—It must be borne in mind, in dealing with surgical instruments, that importers' stock turnover amounts to less than 33½ per cent a year and for this reason a high gross profit is required to cover interest and other charges.

A brief of various hospital authorities, objecting to any increase of duty above 20 per cent ad valorem, is separately summarized.

Hearings: Pages 1952–1956.

Witness: Hospital Conference of the City of New York, etc. (Brief.)

Size of industry.—In 1914 there were 25 firms manufacturing surgical instruments in the United States. The wholesale trade association had a membership of 21 firms, five of which manufactured only furniture and sterilizers, and three thermometers and syringes, leaving only 13 firms manufacturing surgical instruments. Two of these employed normally possibly 100 persons, five employed 50 persons, and six employed from 15 to 25 persons, each. The capital invested in hospitals in the United States amounts to over \$3,000,000,000, and at the present date their valuation would be in excess of \$5,000,000,000.

Comparability.—The best surgical instruments are hand forged and nearly all of the operatives in this country who are capable of making fine instruments are of foreign birth. Many left the country during the war and have not returned. It is an absolute fact that it is impossible to-day to buy from domestic manufacturers more than a small percentage of the instruments used. Hospitals are compelled to use inferior instruments because foreign manufacturers have not as yet reentered the market. Manufacturers of soft-metal

instruments in the United States produce a good quality of product and have run their plants at a profit under the 20 per cent duty in the Underwood bill.

Rates suggested.—The fact is cited that many countries, notably Canada, admit surgical instruments free of duty, and that Congress, before the passage of the Underwood Act, made a careful investigation of the surgical instrument industry and decided that it did not need a greater protection than 20 per cent. For this reason the brief requests that the duty on surgical instruments be retained at 20 per cent ad valorem. Other objections to an increase in duty note the fact that a large number of surgical instruments used by specialist surgeons are not made in this country, because the number required does not justify quantity production, and that any increase in duty would result in unwarranted hardship to American hospitals already operating under great financial difficulty.

Remarks.—Letters of the same purport are presented from many individual hospitals, etc.

Witness: The A. S. Aloe Instrument Co., St. Louis, Mo., retail distributors of surgical instruments. (Brief; no appearance at hearings.)

Costs and selling prices.—The prices of all American makers are practically identical, and were higher in the fall of 1920 and in 1921 than ever before in the history of the industry.

Size of industry.—There are 15 to 25 domestic manufacturers, most of them very small. Only 5 produce a reasonable volume of business, and only 3 make a general line of steel instruments. No firm has gone out of the business during the past five years, except those regularly manufacturing other lines who took up surgical instruments as a war emergency.

Comparability.—Japanese instruments are boycotted; no dealer or surgeon will consider them.

Rates suggested.—Thirty-three and one-third per cent ad valorem.

Remarks.—The brief is largely a critical commentary upon the testimony of Mr. E. J. Sovatkin. (See above.)

PARAGRAPH 360.—SCIENTIFIC INSTRUMENTS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Harvey N. Ott, representing the Central Scientific Co., Buffalo, N. Y.

The C. F. Pease Co., Chicago, Ill. (Brief.)

Keuffel & Esser Co., Hoboken, N. J.

Dr. A. C. Abbott, director of School of Public Hygiene, University of Pennsylvania. (Brief.)

FAVORING LOWER DUTIES:

Mr. James G. Biddle, Philadelphia, Pa., representing himself.

The American Council on Education and the special committee of the Association of College Presidents of Pennsylvania. (Brief.)

Hearings: Pages 1976–1977.

Witness: Mr. H. N. Ott, representing the Central Scientific Co.

Costs and selling prices.—The witness did not mention costs or selling prices in this testimony, but when testifying on optical glass (page 1529) he stated that German scientific instrument manufacturers were charging excessive prices for instruments exported to

the United States. For this reason present costs to the importer could not be taken as indicative of the foreigner's competitive position, since if the duty were raised foreign manufacturers could readily decrease their selling price to an extent neutralizing the effect of the higher duty.

Size of industry.—The witness disputed Mr. Biddle's assertion (pages 1968-1976) that the scientific-instrument industry in the United States is large enough to take care of itself. He went on to quote from the Ways and Means Committee report of last year, on bill No. 7785, to the effect that the scientific-instrument industry is a new industry brought into existence by the needs of America during the war. Prior to 1904 the manufacture in the United States was negligible, because import duty rates were low and the duty-free provision permitted scientific and educational institutions to buy from foreign manufacturers on a free-trade basis.

Comparability.—The witness referred to the report of the United States Tariff Commission to the effect that, generally speaking, domestic scientific instruments are equal to the imported.

Rates suggested.—Retention of the proposed rate of 40 per cent on American valuation and the exclusion of the duty-free privilege formerly accorded to educational and scientific institutions. The witness quoted further from the report of the Ways and Means Committee, cited above, that the scientific-instrument industry is a key industry, absolutely necessary for the proper instruction of scientific subjects in American schools and colleges. Scientific instruments are indispensable in laboratories controlling the manufacture of metals, chemicals, and other industrial products, especially munitions and explosives. In a military emergency, therefore, it is absolutely necessary to have a well-developed scientific instrument manufacturing industry. Regarding the duty-free provision, witness quoted from a report of the United States Tariff Commission to the effect that in response to a number of letters addressed to professors and teachers in American universities, they received about 20 replies. Of these, 17 were in favor of doing away with the duty-free privilege, one was against it, one was noncommittal, and one made suggestions for alterations.

Remarks.—Mr. Ott's testimony forms the subject of comment by Mr. Burton E. Livingstone, permanent secretary of the American Association for the Advancement of Science, in a letter of October 1, 1921, to the chairman of the Senate Committee on Finance, summarized below:

Mr. Ott had referred in his testimony to a booklet published by the American Association for the Advancement of Science, containing a resolution against the omission of a duty-free privilege applying to scientific materials and apparatus used by educational and research institutions of the United States. According to Mr. Ott, this resolution was passed only by the executive committee, consisting of 11 members out of a total of 12,000 in the association as a whole, and was consequently not the expression of the entire association.

In response to this statement Mr. Livingstone affirms that the resolution does represent the views of the association. As in all other large organizations, all the business of the American association is transacted by the council, and the executive committee of the council is empowered to act for the council in caring for all urgent

business arising between annual meetings. The resolution in question was not passed until after the last council session at the Chicago meeting, and was therefore referred to the executive committee and adopted by that body, *acting for the council*.

The resolution was published in the official organ of the association, "Science," and a copy of the booklet containing the resolution was sent to each of the members early in July. The booklet bore a special request that those disapproving of any resolution contained therein should inform the permanent secretary. Only 27 letters in that sense were received up to October 1, 1921, and all but 2 were from manufacturers, who apparently hoped to gain by the removal of the duty-free privilege hitherto given educational institutions. Only 10 of the letters were from members of the association. "Since only 10 out of about 12,000 members have written to disapprove the resolution on duty-free importation, it is unequivocally clear that this resolution is not disapproved of by any considerable number of members."

Witness: The C. F. Pease Co., Chicago, Ill. (Brief; no appearance at hearings.)

Costs and selling prices.—A set of instruments such as are used by professional draftsmen costs \$10 to produce in the United States. Of this amount, 85 per cent, or \$8.50, is labor, and \$1.50 raw material. The cost in Germany would be the same for material, and for labor one-third of the American cost, or \$2.80, making a total of \$4.30 as compared with the American cost of \$10.

Size of industry.—Before the war practically all the drawing instruments used in the country were imported from Germany, but as a result of war conditions several American manufacturers took up their production. Made from nickel silver and high-grade tool steel, they are instruments of precision, requiring expensive machinery and highly skilled labor for their successful production. Several years were required to develop the domestic industry to produce the necessary dies, tools, and patterns, and bring the business to a productive stage.

At present, large quantities of German instruments, estimated at from \$3,000,000 to \$5,000,000 annually, are flooding the market, and unless adequate protection is furnished American manufacture will be impossible. Practically no drawing instruments were made in America under the Payne-Aldrich tariff, as the duty of 40 per cent was not sufficient.

Rates suggested.—A duty of 60 per cent ad valorem to equalize conditions.

Remarks.—Attention is drawn to the prevalence of child labor in Germany.

Witness: Keuffel & Esser Co., Hoboken, N. J. (Brief; no appearance at hearings.)

Rates suggested.—All instruments and appliances containing parts of optical glass, 45 per cent ad valorem. Philosophical, scientific, and laboratory instruments, apparatus, utensils, and appliances; surveying instruments, 45 per cent ad valorem. Surgical, dental, mathematical, and drawing instruments, 60 per cent ad valorem.

The brief points out that mathematical and drawing instruments belong by nature and process of manufacture to the same class with surgical and dental instruments. Both lines were developed as a war

necessity, require the same type of highly trained labor, and are made from the highest grade of materials. This type of instruments requires greater protection than general manufactures of metal, as the labor cost is much higher and the industry is not supported by an established reputation in this country, as is the case with machinery and tools.

Slide rules are made of wood and are not covered by paragraph 360, but they are mathematical instruments and should be so classed. Domestic prices on them are only 45 to 50 per cent above prewar, but dangerous competition is appearing from Germany and Japan. The duty-free provision for educational purposes should not be retained, as it sets a premium on imported goods against those of American manufacture.

Remarks.—At the date of writing (April 27, 1921), drawing instruments were being sold in Germany for home consumption at prices equivalent, at the rate of exchange then current, to 6 per cent above prewar prices, and for export at prices equal to 140 per cent of prewar prices. Domestic prices of drawing instruments are only 25 per cent higher than those prevailing in 1914. German wages (taken at 1½ cents per mark), with duty and transportation added, do not exceed 15 per cent of to-day's American wages in this line.

Witness: Dr. A. C. Abbott, director of School of Public Hygiene, University of Pennsylvania. (Brief; no appearance at hearings.)

Comparability.—For a number of years before the war American educational institutions imagined that suitable instruments and apparatus could be had only by importation. Several years before the war the writer found that, with few exceptions, chemicals, dyestuffs, glassware, and apparatus of American make could be obtained which meet, in general, all the needs of such institutions, and at prices which were not prohibitive. There are a few unusual types of apparatus which are made only by foreign makers, but there is no reason why, with proper encouragement, these could not be made in this country. Dr. Abbott sees no reason why, with such encouragement to American producers, this country should not be independent of foreign sources for these supplies.

Hearings: Pages 1968–1976.

Witness: Mr. J. G. Biddle, representing himself.

Costs and selling prices.—The General Electric Co. is manufacturing X-ray tubes to sell for \$125, on merit, whereas tubes from Europe, which can be sold here for \$25, have no sale. Selling prices play very little part in the ability of any particular instrument to withstand competition. Scientific instruments are selected almost entirely on the basis of quality and fitness for a given purpose and not on price.

Size of industry.—The witness has been unable to see any variation in the value of scientific instruments imported under tariffs varying from 20 to 45 per cent.

Comparability.—Statements made before in reference to X-ray apparatus may be applied to the whole scientific instrument line. Instruments will be imported so long, and only so long, as the domestic article is inferior to the foreign, regardless of price charged or any other factor.

Rates suggested.—A 40 per cent ad valorem rate on American valuation is far in excess of the duties levied in previous tariff bills.

Taking an instrument purchased abroad for \$36, and assuming that the necessary gross profit to the importer must be 20 per cent of the selling price, then to cover selling expenses and his net profit on the transaction this instrument, brought in under H. R. 7456, must be sold in the United States markets for \$100. Forty dollars of this would be duty, \$20 gross profit to the importer, and \$4 transportation and other expenses incurred prior to delivery at the United States port of entry. The remaining \$36 covers the initial cost. In other words, 40 per cent on American valuation corresponds to 110 per cent on foreign valuation. Former tariff acts carried duties bearing from 20 to 45 per cent on the foreign valuation; the rate proposed in the Fordney bill amounts, therefore, to an increase of from 100 to 150 and in some cases to 600 per cent. Witness figures that 15 per cent on American valuation would be very nearly equivalent to 45 per cent on foreign valuation. He submits that representatives of the American Association for the Advancement of Science ask that the privilege now granted educational and scientific institutions of free importation of scientific instruments be continued, on the ground that foreign instruments will be imported and used, regardless of duty, if superior to the domestic article. The increased duty will, therefore, amount to an additional handicap to American scientific institutions without benefiting American manufacturers.

Witness: The American Council on Education and the special committee of the Association of College Presidents of Pennsylvania. (Brief; no appearance at hearings.)

Size of industry.—The brief is a protest against the proposed repeal of the exemption from duty applying to instruments intended for educational and kindred purposes. It is pointed out that imports under this head have not exceeded \$600,000 in any one year, and the revenue under the bill would not be more than \$250,000 per annum. Of these importations, more than one-half are for State universities, supported by public taxation. Imports under the existing duty-free clause are, for the most part, specialized apparatus, not admitting of quantity production, and which American manufacturers regard as a nuisance rather than as an asset. A considerable portion of it is glassware, the domestic cost of which is at least 10 times that of foreign. Trade-union restrictions are such that a skilled workman can complete the amount of production permitted for the day in two and one-half hours. Under these conditions the cost of American-made ware is so high that even American manufacturers purchase foreign glass for their own laboratories.

The removal of the exemption is not supported by the great majority of American manufacturers who are themselves interested in the promotion of scientific research. The small amount of the importation under the duty-free clause is proof that the privilege has not been abused.

PARAGRAPH 362.—FILES.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Wallace L. Pond, representing the Nicholson File Co., Providence, R. I.

Hearings: Pa

Costs and
of labor cost

the manufacture of files the percentage
any cases reaching 80 or 90 per cent

of the total. In producing 2-inch round files, 1 pound of steel, costing 38 cents, will make 83 dozen files, having a net value of \$144.89. The labor expended on this pound of steel enhances its value 381 times. Wages paid in England are to-day very much lower than the average wages paid for the same class of operatives in this country. The operatives here in the same general classes receive a remuneration ranging from 66½ to 130 per cent more than the same employment receives in Sweden. During this year (1921) New York distributors have quoted files made in Austria, laid down in New York duty paid, at fully 20 per cent lower than the lowest prices now being quoted by American makers to the largest distributing trade.

Size of industry.—There are in the United States some 25 to 30 makers of machine-cut files, employing, when in full operation, approximately 9,000 men.

Rates suggested.—The following rates of duty per dozen should be assessed on files:

Group No. 1, files 2½ inches in length and under.....	\$0.40
Group No. 2, files over 2½ inches and under 4½ inches in length.....	.75
Group No. 3, files over 4½ inches and under 7 inches in length.....	1.00
Group No. 4, files 7 inches in length and over.....	1.20

In the 10 years prior to 1914 files were imported on a basis of approximately 70,000 dozen per annum. In the first year under the Underwood tariff files were imported to the amount of 121,786 dozen. Japan has two file factories in active operation and, considering the wages paid, which are only a small fraction of those paid in this country, some very serious competition in years to come must be expected.

The specific duty is preferable because the actual duty is then a fixed and certain amount based upon the quantity of goods actually imported, not subject to the vagaries and fluctuations of foreign market or exchange values. It offers no incentive for foreign file makers to undervalue invoices of files.

PARAGRAPHS 364, 365, 366.—RIFLES.

WITNESS.

REQUESTING RECLASSIFICATION:

L. H. Hartmann & Son, Philadelphia, Pa. (Brief; no appearance at hearings.)

Costs and selling prices.—The writer directs attention to certain incongruities in the rates of duty proposed in H. R. 7456. Thus a reliable Belgian rifle can be laid down here at \$3 under the present duty of 35 per cent ad valorem, and can be sold at a reasonable profit for \$6 retail. The nearest American-made rifle is sold to jobbers at \$5.11, which makes the retail price almost prohibitive for the young man who wants to practice rifle shooting. The same rifle was sold wholesale for \$3.25 before the war. There is no well-defined duty on gunstocks, which are not grown in this country.

‘ PARAGRAPHS 365 AND 366.—SHOTGUNS AND PISTOLS.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING LOWER DUTIES:

Mr. E. P. Gebhard, representing the Milford Co., importers, Milford, Del.

Hearings: Pages 1984-1989.

Costs and selling prices.—A foreign-made gun (not further described) is invoiced at \$50. To this are added duty, \$17.50, package, freight, etc. \$2.50, importer's profit \$7, and war tax \$7.70—making a total cost to the wholesaler of \$84.70. To this he adds his own profit of 25 per cent, making the selling price to the retailer \$105.77. To this the retailer adds a profit of 25 per cent, making the selling price of the imported article to the consumer \$132.21.

Under the Fordney bill this gun would probably be compared with the Parker Bros.' gun, wholesaling at \$112.38. The duty of 35 per cent plus \$10, with the same additions as before, would make the importer's selling price \$123.21. The wholesaler's selling price to the retailer would be \$154.01, and the retailer's price to the consumer \$192.51, instead of \$132.21, above.

For a .32 caliber automatic pistol the foreign manufacturer charges the importer \$9. To this must be added duty, \$3.15, 5 per cent for freight, package, etc., the importer's profit of 10 per cent, and the war tax, making a total of \$15.19 to the wholesaler. The wholesaler's profit of 25 per cent brings the wholesale selling price to \$18.98. Adding the retailer's profit, the price to the consumer will be \$23.72. Compared with this is the Colt .32 caliber pistol, the wholesale price of which is \$19.60. The importer would add the duty under the Fordney bill of 35 per cent plus \$3.50, with the same additions for profit, etc., making the price to the wholesaler \$21.54, and the wholesaler's selling price to the retailer \$26.92. The price to the consumer would be \$33.65 for a pistol that can not possibly cost the American manufacturer more than \$6. Prices to the importer have increased commensurately with the decrease in the rates of exchange. A sample of a German gun cost the importer before the war 100 marks, equal to \$23.80. To-day the German manufacturer charges 1,750 marks, equivalent, at the current rate of exchange, to \$26.25.

In the United States the cheaper grades of guns have advanced in price from \$20.50 in 1914 to about \$60 to-day. A gun formerly bought for \$2.75 is now priced by the wholesaler at \$9.67. The type of gun formerly bought by the farmer's son for \$3.50 now sells for around \$12.

Size of industry.—There are a very few hundreds of laborers employed by the domestic industry.

Rates suggested.—A duty of 20 per cent ad valorem. The great majority of the guns sold in this country are bought by farmers, their sons, and colored people. This class of gun came mostly from England and Belgium, and is entirely off the market to-day, as these people can not afford to pay the prices asked. There are to-day no foreign guns in this country, or on the other side, while domestic makers are far behind their orders. The 35 per cent duty must be reduced to permit any competition at all.

PARAGRAPH 367.—WATCHES.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. R. C. McCulloch, representing the Hampden Watch Co. and other American watch manufacturers; address, Canton, Ohio.
 The South Bend Watch Co., South Bend, Ind. (Brief.)
 The Hampden Watch Co., Canton, Ohio. (Brief.)
 The Hamilton Watch Co., Lancaster, Pa. (Brief.)
 (The three briefs are identical.)

FAVORING LOWER DUTIES:

Mr. Emil N. Zolla, general manager of the Helbein Stone Co., representing the watch importers of the United States.
 The American-Swiss Watch Co. (Inc.), Peekskill, N. Y. (Brief.)

OBJECTING TO MARKING PROVISIONS:

Mr. Frank D. Pavey, attorney, representing clients.

Hearings: Pages 2004–2023.

Witness: Mr. R. C. McCulloch, representing the Hampden Watch Co. and others.

Costs and selling prices.—From 80 to 90 per cent of the cost of producing watch movements in America is labor.

Rates suggested.—American manufacturers are satisfied with the Fordney bill as it passed the House, and feel that no change should be made in the watch paragraph without serious and careful consideration. All that they ask is to have the difference in the cost of production at home and abroad equalized on the basis of prewar conditions. The rates in the Fordney bill are not materially higher than those in the act of 1909, and the marking provisions are practically the same. The gist of the Fordney bill changes is as follows:

1. Provision is made for movements knocked down for assembling. Testimony submitted before the Ways and Means Committee showed that quite a business has been built up in this country through a system by which foreign-made movements, which have been completed and timed, are taken apart before being shipped to the United States and for purposes of evading the duty are brought into this country as material, afterwards being assembled and sold in competition with American watches. The provisions in the Fordney bill relative to movements assembled and knocked down will, it is believed, to some degree make impossible a continuation of this fraud upon the Government.

2. Clock watches are separately classified. A clock watch is simply a combination of wheels without jewels or adjustments. It probably has been timed in a general way, but it is not comparable as an effective time-keeping machine with a jeweled watch.

3. Seventeen-jewel movements are classified according to adjustments. Seventeen-jewel movements are manufactured adjusted and unadjusted. The 7-jewel, 11-jewel, and 15-jewel movements are almost universally unadjusted, and are so regarded by the trade. All movements having over 17 jewels are universally adjusted. A 17-jewel adjusted movement will cost to produce and will sell for just about three times what a 17-jewel unadjusted movement will cost and sell for. From a revenue-producing standpoint of protection the classification of 17-jewel movements as written in the Fordney bill should be retained.

4. The specific duties provided on all grades are no higher, on an average, than the duties provided in the act of 1909.

5. The duties are based on prewar conditions.

6. The marking provisions are practically the same as in the act of 1909. This requirement is made for the purpose of stopping the fraud resulting from bringing in a 17-jewel movement marked "7" jewels and then engraving the numeral "1" in front of the numeral "7" after the movement has been cleared, thus defrauding the Government.

Witnesses: The South Bend Watch Co., South Bend, Ind.; the Hampden Watch Co., Canton, Ohio; and the Hamilton Watch Co., Lancaster, Pa. (Briefs; no joint appearance at hearings.)

NOTE.—The three briefs, being identical, are treated together.

Size of industry.—In 1914 there were 15 establishments engaged in the manufacture of watches, with an output for the year valued at \$14,275,000. There have been no new watch movement factories started in this country for perhaps 15 or 20 years, but the value of the output, as stated in a letter from Mr. W. M. Steuart, director of the United States Census, had increased in 1919 to about \$32,044,000.

Rates suggested.—Paragraph 367 of H. R. 7456 to be adopted without change. American manufacturers of watch movements ask for rates of duty equalizing the differences in American and foreign costs. In view of the fact that from 80 to 90 per cent of the cost of producing watch movements in this country is labor, such rates will be of advantage to American workmen to perhaps a far greater extent than to the manufacturers. The rates in H. R. 7456 are exceedingly fair, the paragraph is well written and well balanced, and no changes should be made in the paragraph.

Remarks.—The rates in the proposed bill (H. R. 7456) are as near the rates provided in the act of 1909 as they could be fairly figured out upon a specific rate basis. The marking provisions of H. R. 7456 are identical with the marking provisions of the act of 1909 so far as the number of marks and figures required to be stamped upon the plate is concerned. The bill, also, contains the exact language of the act of 1913 as to marking provisions, except that it adopts the provision of the act of 1909 requiring the number of jewels and adjustments to be stamped both in words and in Arabic numerals. There are, therefore, no new marking provisions in the proposed law.

The fact that imports have increased from \$1,951,579 in 1913 to \$12,608,624 in 1920 (that is to say, by \$10,657,045) is evidence as to whether or not the provisions of the various tariff acts have been unfair to importers. On the other hand, exports of American-made watches increased by only \$372,720.

Data submitted show that importations of foreign-made watches into the United States are about equal to the domestic production.

Importers recommend a rate of \$150 each on the classification having more than 11 and not more than 15 jewels. This would amount to a reduction over the act of 1909 of 35 cents each, and would reduce the per cent rate to at least as low as the ad valorem rate in the act of 1913.

Unadjusted movements cost to produce, and will sell for, about one-third what the adjusted movement will cost and sell for. There-

fore, 17-jeweled movements should be classified as set out in H. R. 7456.

There are two reasons why the word "unadjusted" should be marked upon the movement: (1) To protect the Government in the collection of duties, and (2) to protect the consumer against fraud. If the movement is cleared without such marking the importer can defraud the public, afterwards, by marking upon the plate words and figures indicating adjustments; the profit from such misrepresentations would be very large. The present law requires that "unadjusted" movements be so marked.

A comparison between H. R. 7456 and the act of 1909 shows that the rate provided in H. R. 7456 of \$2.75 each on unadjusted 17-jewel movements is a decrease by percentage over the act of 1909 for every year except one. On adjusted movements, the rates provided in H. R. 7456 show on each classification a percentage of increase, and on the last classification of 17-jewel movements the percentage of increase is quite material. The increases in the adjusted movements are explained upon the ground that the importations were cleared as "unadjusted" movements. If they had been cleared upon the basis of the classification in H. R. 7456, or upon their true value, the increases would not be material.

A specific duty of \$5 on all movements having more than 17 jewels, as recommended by the importers, would be a reduction of about 100 per cent from the duties provided in the act of 1909, and a very material reduction in the rates of the act of 1913.

Evidence shows that about one-half of the foreign material imported is imitation American watch material, imported to be used for repairing American watches. The use of this material for repairing high-grade American watches results in unsatisfactory work and in injury to the reputation of both the jeweler who did the work and the manufacturer of the repaired watches. It is not believed that the duty on material should be reduced, because imported material comes into competition with American material, and such reduction would increase the amount of imitation material imported, to the detriment of consumers, jewelers, and American manufacturers.

The manufacture of jewels in the United States has never been successfully conducted, although a great deal of money has been expended in the endeavor. Jewels, therefore, are to the American manufacturer of watch movements the same as raw material, and in practically every instance about 50 per cent of the value of the material in the movements is in the jewels. The duty of 10 per cent provided in H. R. 7456 is a fair revenue duty and should not be increased.

With regard to timers, attention is called to the fact that there is little difference between a timer and a watch movement. Some American manufacturers have, during the past few years, made quantities of timers by using their regular movements with certain mechanical changes, and it would be an easy matter for the foreign manufacturer to make practically all his high-grade watches with a timing-device feature. To adopt the importers' recommendation with regard to timers would leave a loophole for bringing in high-grade movements at \$1 each.

The value of watch movements in this country is determined by the number of jewels and adjustments, which also fix the standard. For-

eign manufacturers, by false marking, either before or after the movement has been cleared, use the number of jewels and adjustments as a blind for extorting exorbitant profits, and thousands of people are cheated yearly through this fraud.

The features that make the watch a good timepiece can not be discovered by an external examination, however critical. Comprehensive marking provisions and specific duties, such as are provided in H. R. 7456, are the only safeguard.

The American watch industry has had a struggle in this country from the beginning. Competition from abroad has been severe. Skilled labor has been hard to secure, difficult to train, expensive and hard to hold. Imports increased by millions because the foreign manufacturer was able to secure labor, highly skilled, at a low rate, while the American manufacturer was compelled to pay high wages and train his own workmen.

Hearings: Pages 1989-2004.

Witness: Mr. Emil N. Zolla, representing the watch importers of the United States.

Costs and selling prices.—Since 1919 watchmakers in Switzerland are working only 48 hours a week instead of 56, which means that the cost of labor, due to this alone, has increased 20 per cent. The average cost of labor to-day in Switzerland, figured in gold, is between \$25 and \$35 per week, and adjusters are paid as high as \$50 a week. The duty rates, as recommended in the accompanying brief, are equivalent to an ad valorem rate of at least 40 per cent, and in a few instances more than that. Adding 40 per cent to the wages of the lowest-paid watchmaker to-day in Switzerland—which is \$25—would make the total \$35 for the lowest-priced man. To this \$35 per week must be added at least another 30 per cent, being the minimum of the importer's gross profit, making a total of at least \$45 per week. The average wage earned by the American watchmaker is to-day between \$35 and \$40 per week, with such factories as the Waltham and others very recently announcing a reduction of from 10 to 15 per cent in the wages of their men.

Size of industry.—In 1914 there were 15 establishments engaged in the manufacture of watches, with an annual output valued at \$14,275,000. In 1919 there were 36 establishments, with an output valued at \$32,100,000.

Watch-case factories in the United States turn out approximately 19,000 cases a day. In 1914 the total value of the output of case factories was \$7,831,000, and in 1919 it was \$19,619,000.

Rates suggested.—Watch movements, whether imported in cases or otherwise, assembled or knocked down for reassembling, if having less than 7 jewels, 70 cents each; having 7 jewels and not more than 11 jewels, \$1.25 each; having more than 11 and not more than 16 jewels, \$1.50 each; having 17 jewels, \$2.50 each; having more than 17 jewels, \$5 each; watch cases, 25 per cent ad valorem; parts of watches, including jewels and dials for use in the manufacture of watches, 15 per cent ad valorem; chronometers, box or ship, \$5 each; parts thereof, 15 per cent ad valorem; timers designed and constructed to time comparative rates of speed, \$1 each: *Provided*, That all watch dials, whether attached to movements or not, when imported shall have indelibly painted or printed thereon the name of the country of origin, and that all watch movements and plates assembled or knocked

down for reassembling, and cases, shall have the name of the manufacturer and the country of manufacture cut, engraved or die-sunk conspicuously and indelibly on the plate of the movement and the inside of the case, respectively, and the movement and the plates shall also have marked thereon, by one of the methods indicated, the number of jewels, said numbers to be expressed either in words or in Arabic numerals, and none of the aforesaid articles shall be delivered to the importer unless marked in exact conformity to this direction: *Provided further*, That only the number of the jewels which serve a mechanical service as frictional bearings shall be marked as herein provided.

The reasons for substituting the above-mentioned recommendations in place of the duties recommended in paragraph 367 of the Fordney bill are as follows:

Watchcases are separated from watch parts, etc., because a watchcase is a finished article, consisting frequently of gold or silver on which the cost of labor has already entered, while watch parts, for all practical purposes, are similar to raw material. The reason a rate lower by 15 per cent is recommended is that, with possibly one or two exceptions, not a single watchcase company would ask for a higher rate than 20 per cent. Not only are foreign case manufacturers unable to compete successfully with American case manufacturers, but the latter are to-day successfully competing in Europe with the former.

Chronometers are omitted from the classification of "watch parts" as this is a completed article and does not belong among "parts."

Jewels and dials are included in the classification for parts because they are undoubtedly "parts of watches," and no differentiation in the rates of duty should be made.

The ad valorem duty on "watch parts" should be reduced to 15 per cent, which will provide a reasonable revenue. As the "watch parts" imported are used for movements imported from abroad, and are therefore in no form or manner in competition with watch parts for American movements, there can be no need for giving any protection.

Timers are not manufactured at all in this country, and as 90 per cent of all the timers imported are used by the United States Government it is believed that this article should have a separate classification.

These rates closely approximate the schedule of the act of 1909, which was admittedly a high tariff bill. Being so close to that schedule, they are, particularly under the present economic conditions of the world, sufficient for revenue purposes and more than sufficient for "protection" to the American watch industry.

Reference to "position adjustment" classifications among 17-jewel movements has been omitted in the above-mentioned recommendations. It is an arbitrary classification contained in no other tariff bill and a distinction made by no other country in the world. To retain it would be to bar absolutely the importation of this class of movements. It would mean an increase of over 100 per cent over the rates of the act of 1909.

Position adjustments do not of themselves determine the value of the watch. Every watch, in order to run and keep time, must be adjusted. Three adjustments of a watch are practically the lowest

number of adjustments possible for any timepiece with any degree of dependability.

The average cost of two jewels to American watch manufacturers—bought by them in large quantities from Switzerland—is less than 50 cents.

The net result, therefore, of the Fordney bill as passed by the House is, that while calling for a duty of \$2 on 15-jewel watches of three-position adjustments it calls for a duty of \$4.75 for the same watch with two additional jewels. In other words, it adds a duty of \$2.75 for two jewels. In the case of the same 17-jewel watch adjusted to five positions—which simply means that the watch is further adjusted to two more angles—there is a difference of \$4.50 for the additional two jewels.

The present act (1913) provides for the marking of the number of jewels and adjustments of watch movements—"either in words *or* in Arabic numerals." The Fordney bill has changed the word "*or*" to "*and*," so that the language of the bill reads "said numbers to be expressed in words *and* in Arabic numerals." To retain the language in the Fordney bill as it passed the House would make it impossible to import the very small movements, some of which measure less than one-fourth of an inch across the dial. To put on so small a movement the name of the country of origin, the name of the manufacturer, and, in addition to that, the number of the jewels and adjustments in both words and Arabic numerals, would be physically impossible.

In the phraseology of the stamping provisions the words "*and clock*," also "*Lever-clock movements with jewels in the escapement*," have been omitted in the above-mentioned recommendations as these provisions properly belong in the clock schedule. In the same proviso there has been omitted the following sentence: "*and if the movement is not adjusted, the word 'unadjusted' shall be marked thereon by one of the methods indicated.*" The reasons for omitting this last sentence is that stampings should be only affirmative representations and not negative. While the manufacturer should be held to strict accountability for all affirmative representations made he ought not to be compelled to make a negative representation. Provisions of this kind afford no protection whatsoever to American manufacturers but are extremely mischievous in their nature and are designed to cause as much inconvenience as possible to American importers.

Witness: The American-Swiss Watch Co. (Inc.), Peekskill, N. Y. (Brief; no appearance at hearings.)

Comparability.—In 1906–1908 it was found that manufacturing costs in the watch business were approximately the same, for corresponding grades of watch movements, in the United States and in Switzerland.

The cost of living in Switzerland at the present time is as high as, if not higher than, in the United States; watchmakers' wages are higher than ever and, in addition, Swiss manufacturers have to contribute toward the support of their workers when factories are working half time or shut down completely. In 1908, the president of this company was told by a watch manufacturer that the factory of which he was vice president was producing a 15-jewel movement at a certain price and was also making up, at an additional cost of 25 cents, the very same movement in 17 jewels, which brought \$5 additional for the two jewels.

Rates suggested.—The present (act of 1913) rates of duty on watches more than protect the domestic industry. The wording as to markings on watch movements and cases, as provided for in the act of 1913, is ample.

Remarks.—If domestic watch manufacturers recognize advantages in the marking of the number of jewels and positions on the movement plates in both letters and numerals, it appears that they would put the idea into practice on their own movements, and thus make it impossible for some unscrupulous jewelers to change the markings on American movements, to be sold at a higher price.

All additional marking provisions on watch movements, beyond those in the act of 1913, would serve no useful, decent purpose.

Clean, healthy competition will benefit the American watch buying public. It will likewise benefit the American watch industry as an industry, since reasonable competition will force domestic manufacturers to produce a high-grade watch, sold on its merits, instead of relying on artificial classification.

Witness: Mr. Frank D. Pavey, attorney, representing clients. (Brief; no appearance at hearings.)

Remarks.—The new requirements in regard to markings upon imported watch movements, in H. R. 7456, serve no purpose except to impose additional burdens and expense either upon the manufacturers or the importers of Swiss watches. They are wholly unnecessary for the purpose of determining the value of the watch—a factor capable of exact determination by other and simpler means. However, if the Committee on Finance decides to retain them, they ought to be made to take effect not less than four months, and preferably six months, after the date of the enactment of the bill. This would enable importers, in placing new orders, to impose the cost of these markings on the manufacturers. So far as orders already given are concerned, it is a great injustice to importers to impose a new requirement of this character, as they will have to pay the cost of the additional markings on goods ordered but not yet shipped. Goods which have already been shipped by the manufacturers will have to be returned to the manufacturers in order to have them marked and re-shipped to the importers.

PARAGRAPH 368.—CLOCKS.

WITNESSES.

FAVORING PROPOSED OR HIGHER DUTIES:

The New Haven Clock Co., New Haven, Conn. (Brief.)

FAVORING LOWER DUTIES:

The Kuehl Clock Co., Chicago, Ill. (Brief.)

The Western Clock Co., La Salle, Ill. (Brief.)

Witness: The New Haven Clock Co., New Haven, Conn. (Brief; no appearance at hearings.)

Costs and selling prices.—Manufacturing costs in Germany are less than in the United States because of the low wages paid to workers abroad. German wages, in different lines of activity, range from \$2.48 per week for female shop help to \$3.64 for pattern makers and \$5.37 for cabinet makers.

Size of industry.—The American clock industry employs upwards of 15,000 wage earners. Factories are located in Ohio, Illinois, New York, Massachusetts, and Connecticut.

Remarks.—American valuation is essential, because at present exchange rates no American clock manufacturer can stand the competition with foreign goods. It is also necessary to prevent the practice of undervaluation. The exchange situation is acting steadily to transfer the workshops of the world to Germany.

In view of the fact that an income tax and an excess-profits tax are paid by American manufacturers to the Government, certain arrangements should be made about foreign competing goods being dumped on the market at their low cost just to raise money. The exemption of foreign factories from taxes on profits (because of the separation of these into small amounts) works a hardship upon the American manufacturer and should be taken into consideration.

Since the great falling off in business in this country, it has been impossible to run clock factories at their full production and some are now shut down temporarily. Meanwhile, when there seems again to be a little beginning of demand, it is being supplied from foreign sources.

German clock factories are rapidly reaching their prewar efficiency and quantity production. German clock-making machinery is fully equal to American machinery, much of it having been copied from American patterns. The crux of the demand for protection (after other conditions have become normal) is that of labor, which is paid here approximately three times as much, even at present, as in foreign countries. Without tariff protection, the wages of clock workers must be leveled with those of Germany, which would reduce their pay below a fair living wage for an American wage earner.

Persistent undervaluation in invoices is estimated by a Government representative to cost the United States, in loss of duties, from \$10,000,000 to \$40,000,000 a year. The infamous system of "Cartels" has been revived by Germany since the war and is now flourishing with renewed vigor. Trade combinations there are encouraged, and trade organizations urge their members to conceal the true foreign values from United States consuls and Treasury agents.

The brief refers to the tariff increases now being made by leading European countries.

Witness: The Kuehl Clock Co., Chicago, Ill. (Brief; no appearance at hearings.)

Costs and selling prices.—Before the war, alarm clocks were sold by American producers at prices ranging from 40 to 45 cents each. At the present time these clocks are offered by American manufacturers at 85 cents to \$1 each. The present price of an imported alarm clock, comparable with these, is 65 cents without duty and other charges.

Assuming that this alarm clock can be purchased abroad for 50 cents, the duty of 35 cents specific and 35 per cent ad valorem, based on the American valuation of 85 cents to \$1, would amount to 65 cents, making a total landing cost of \$1.15, without taking into consideration freight, insurance, and incidental charges. This would be the bare expense without including selling and general expense and profit. It is impossible to figure out what this clock could be sold

for in the American market, but it is apparent that it could not be imported at all.

Rates suggested.—It is suggested that cuckoo clocks be separately classified and a rate of duty lower than for other clocks provided, because they form a distinct and separate article of trade, not competing with or replacing any other kind of clock. They are not now, and never have been to any extent, produced in the United States, and it is extremely doubtful whether the particular things which go to make up the attractiveness and desirability thereof ever could be produced here.

The American producer of clocks is at no disadvantage with the imported clock, with the present rate of duty at 30 per cent. If he could compete with imported clocks before the war, it is evident that he is fully able to compete now with the foreign article in this market.

It is suggested that the specific rates provided in H. R. 7456, for clocks having no jewels in the escapement, be eliminated, leaving the ad valorem rate of 35 per cent to stand.

Remarks.—Alarm clocks are purchased in this country largely by people of moderate means, whose every-day requirements make the alarm clock an essential feature. An increase, therefore, in the price to the consumer results only in the enhancement of the profit made by the manufacturer.

Exports of clocks (of all kinds) from the United States before and after the war were largely in excess of imports. Thus, in 1913 exports were approximately 25 per cent greater than imports, and in 1920 exports were eight times in value that of imports. It is manifest that an industry exporting eight times in value the imports needs no additional protection to enable it to compete with foreign-made goods.

There is no objection to stamping on the dials the name of the country of origin, but there is nothing to be gained from the addition of the manufacturer's name. Indeed, to do so would be practically impossible on many sizes and varieties of clocks. Several foreign factories have names so long that even the ordinary size dial would not be large enough to contain all the information required by this paragraph, without mentioning the numbers essential to the telling of the time. The name of the foreign maker neither adds anything to the selling value of the clock nor takes anything therefrom in the presence of the name of the country of origin on the dial.

It is asked, therefore, that the requirement of marking on the dials of clocks, having no jewels in the escapement, be confined to the name of the country of origin. No objection is made to the marking or stamping on the front or back plates, as provided for in the bill.

Witness: The Western Clock Co., La Salle, Ill. (Brief; no appearance at hearings.)

Remarks.—The rates of duty on clocks, in H. R. 7456, do not seem to be equitable. For example, clocks costing \$1.05 would be assessed at 35 per cent, or 36½ cents duty. Clocks costing \$1.15 would be assessed at 35 per cent, or 40½ cents, and in addition 70 cents, or a total duty of \$1.10½. This would mean that a difference in value of 10 cents per clock would make a difference in duty of 73½ cents per clock.

It is desirable to know on what basis the valuation for additional duty of \$1.10 was arrived at. In the manufacture of the product of the Western Clock Co., which is substantially the same line, clocks are made costing just below and above \$1.10 and the reason is not apparent why the division should be taken arbitrarily at that figure.

PARAGRAPH 371.—BICYCLES AND MOTOR-CYCLE SADDLES.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES.

Mr. L. V. Fauver, representing between 75 and 80 per cent of the bicycle and motor-cycle saddle manufacturers of America; address, Elyria, Ohio.

Hearings: Pages 2030-2031.

Size of industry.—The industry is very narrow and rather small, the value of the output not normally exceeding \$1,500,000 per year. For the past year it has been substantially closed down.

Rates suggested.—Not less than 30 per cent on American valuation. The witness is fully in sympathy with the request of the motor-cycle industry that parts of motor cycles be classified separately from complete motor cycles. There is no reason for manufacturers of leather being classified with the motor-cycle industry.

Saddle manufacturers do not wish to be included in the reduction requested by the motor-cycle industry.

PARAGRAPH 371.—MOTOR CYCLES.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING LOWER DUTIES:

Mr. Walter Davidson, president of the Harley-Davidson Motor Co., representing motor cycle manufacturers of the country; address, Milwaukee, Wis.

Mr. William G. McCann, representing the Hendee Manufacturing Co.; address, Springfield, Mass.

Hearings: Pages 2023-2026.

Witness: Mr. W. Davidson, representing motor cycle manufacturers of the country.

Size of industry.—There are seven active firms in the United States, with an invested capital of \$18,000,000 and a pay roll of \$9,000,000 for 6,000 employees. During the year 1920 they produced about 68,000 complete motor cycles.

Rates suggested.—Fifteen per cent ad valorem, with the following clause added:

When imported from a country which imposes a duty greater than 15 per cent the duty would be equal to the duty of the foreign country, but not to exceed 50 per cent.

It was requested that complete motor cycles should be considered separately from bicycles and parts of motor cycles and bicycles. There is no connection in the United States between the motor cycle and bicycle industries, and parts of both machines are subject to much more severe foreign competition than are complete motor cycles.

The industry meets practically no competition outside of the United States; only 41 motor cycles were imported in 1920, but over 50 per cent of the domestic production in 1920 was exported. The

industry depends largely on the export business, and it is hoped that a lowering of American duties may aid the efforts which the industry is making to obtain reductions in the tariffs of foreign countries to which a large portion of its output is sold. Any duty higher than is necessary to give the American industry reasonable protection will tend to retard the development of American motor cycle business in foreign markets.

Hearings: Pages 2026-2030.

Witness: Mr. W. G. McCann, representing the Hendee Manufacturing Co.

Size of industry.—Since 1913 the production and domestic consumption have decreased, while the export business has increased. The Hendee Co. should employ 2,000 men, but during the last few months it has operated with only about 300 or 400 on a half-time basis.

Comparability.—England and the United States are the two motor cycle producers of the world. The English output is confined chiefly to the small types of machines. There are also good machines made in Germany, but domestic manufacturers do not fear German competition.

Rates suggested.—The witness continues the argument of Mr. Davidson, requesting a reduction of the duty to 15 per cent. Many countries (England, Belgium, Canada, Italy, Australia, Spain, India, and Korea) have put in force excessively high tariffs, which have greatly hindered the development of American export to these countries, and it is hoped that a reduction of the American duty will furnish effective propaganda for the reduction of foreign tariffs.

Such a reduction will not result in a large increase in importation. The manufacturers of motor cycles in this country do not fear foreign competition, but rather invite it, as it would help in the development of the industry.

PARAGRAPH 372.—TEXTILE MACHINERY.

WITNESS, AND INTEREST REPRESENTED:

FAVORING LOWER DUTIES:

Mr. Joseph F. Lockett, representing Leigh & Butler, importers; address, Boston, Mass.

Hearings: Pages 1839-1851.

Costs and selling prices.—Leigh & Butler represent Messrs. Platt Bros., of England, the largest builders of textile machinery in the world. The cost of Platt's machinery at the British shops is nearly 50 per cent higher than the prices charged by American manufacturers for similar machinery. Sales in the past few years, in nearly every instance, have been at prices higher than those of American machines and have been possible only because of the insistence of the domestic mills upon having Platt's machinery.

An importer was recently asked to bid on the equipment for a small mill; the foreign quotation was nearly \$1,250,000, while the American producer quoted about \$500,000.

Labor costs in England for textile machinery are about twice what they are in this country; it was said not long ago by an official connected with one of the largest American machine builders that the

labor cost per machine for textile machinery was less in the United States than in England.

Prices in England have increased since 1909 over 200 per cent, while the pound has depreciated only about 35 per cent. Platt's prices in 1909 were list less 15 per cent, in 1915 they were list less 5 per cent, and the average peak advance since then has been list plus 200 per cent.

Size of industry.—Platt Bros. in England employ about 12,000 persons.

Comparability.—Platt's machinery is world famous for its construction, durability, and efficiency. It will last longer and require less repairs than American machinery. The bulk of the imported product is used by American cotton and worsted mills. There are some mills that will use only Platt's and the bulk of users of cotton-mill machinery prefer the foreign machinery if they can get it at a fair price. For most of Platt's machinery imported in the past 10 years a premium has been paid by the consumer in order to obtain it.

Rates suggested.—Free list. There is no real competition between English and American machine builders as to price. The major part of English textile machinery could never compete with American machinery as to price unless Congress should, in addition to placing it on the free list, grant a substantial bonus to the importer.

The value of the imports of textile machinery during each of the years 1916, 1917, 1918 was the approximate cost of fitting up one small mill of about 25,000 spindles.

PARAGRAPH 372.—WATCHMAKERS' LATHES.

WITNESS.

FAVORING PROPOSED OR HIGHER DUTIES:

The Moseley Lathe Co., Elgin, Ill. (Two briefs, of July 15 and October 22, 1921, respectively; no appearance at hearings.)

Comparability.—The price of the Moseley lathe with ten-chuck combination is now \$90. This is \$10 less than the price in 1919, although wages have since been reduced not more than 5 to 10 per cent. The W. W. lathe, 10-chuck combination, and the Derbyshire (both made in Waltham, Mass.) are \$86.35. A German imitation of these lathes, the Boley lathe, is being steadily imported into this country and is listed at \$45. The German lathe copies the American design and is strictly competitive as regards quality.

Rates suggested.—A high protective tariff of 200 to 300 per cent on the basis of foreign valuation; under the American valuation plan, a rate materially higher than 35 per cent.

PARAGRAPH 372.—SHUTTLES FOR SEWING MACHINES, ETC.

WITNESS.

FAVORING LOWER DUTIES:

J. A. Coates & Sons (Ltd.), manufacturers of needles, etc., East Orange, N. J. (Brief; no appearance at hearings.)

Size of industry.—Outside of the sewing machine manufacturers there is only one concern in America making sewing machine shuttles—the Johnson Shuttle Co., Chicago, Ill.

Remarks.—The Johnson Shuttle Co.'s prices are exorbitant because of the lack of competition. Their prices are 300 per cent higher to-day than before the war, and they are not obliged, as others are, to come down in their prices, because there is no one to underbid them.

PARAGRAPH 374.—ALUMINUM, CRUDE, SCRAP, AND ALLOYS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

The Aluminum Co. of America. (Brief.)

FAVORING LOWER DUTIES:

Mr. Harris E. Galpin, representing the National Aluminum Foundries' Association.

Mr. Lawrence M. Brille, representing Brille & Ratner (Inc.), New York City.

Witness: The Aluminum Co. of America. (Brief; no appearance at hearings.)

Comparability.—The company's price for ingot aluminum, substantially less than cost, is 20 cents per pound. In November, 1921, German quotations for 98 to 99 per cent virgin aluminum ranged from 16½ to 17 cents and for 99 per cent, 17 to 17½ cents. Both France and Germany would probably accept a large order at 16 cents or a shade less. Norway is quoting 18 cents, but a small producer in Switzerland asks 17 cents. The chief producers in Switzerland and Great Britain are, however, holding closely to the American company's prices. The European cost of making aluminum is substantially less than the cost in the United States. It takes 5 tons of bauxite, worth approximately \$50, to produce 1 ton of aluminum. The European manufacturer has an enormous advantage, his raw material and transportation costs being trivial as compared with those paid in the United States. In this country, the haul from the mines to the smelting plants will average about 1,100 miles, while in France, for example, the haul is approximately only 150 miles. American bauxite is inferior, containing an average of 55 per cent of alumina as compared with 62 per cent in the European. The latter also contains only 3 per cent of silica, whereas the American contains 8 or 9 per cent. The removal of silica from bauxite is one of the most expensive operations in the whole process of manufacture. The overhead expense of the Aluminum Co. of America is over 6 cents per pound, and there is an additional interest charge of nearly 6 cents, resulting from the investment by the company of a little less than \$1 for each pound of aluminum produced in a year.

European producing capacity was largely increased during the war, and present relative capacities are approximately as follows:

	Pounds per annum.
England.....	26, 000, 000
France.....	37, 000, 000
Germany.....	76, 000, 000
Austria.....	10, 000, 000
Switzerland.....	52, 000, 000
Italy.....	15, 000, 000
Norway.....	48, 000, 000
Total	284, 000, 000

Even in normal times the above countries can consume only a fraction of their production, and in several of the countries consumption is negligible. At the present time almost their entire surplus is destined for sale in the United States, since there is no substantial consumption elsewhere in Europe, Asia, Africa, etc. In 1911 the world consumption of aluminum outside of the United States was 55,000,000 pounds, or about one-fifth of the aggregate foreign capacity as given above. It is doubtful if the present foreign consumption is even as great as in 1911. The present producing capacity of the United States is approximately 180,000,000 pounds per annum, which compares with the maximum consumption (1920) of approximately 170,000,000 pounds, reduced in 1920 to only 75,000,000. Imports during 1921, based on the statistics of the first six months, have been at the rate of 45,000,000 pounds per annum, or, roughly, one-half the total consumption. The principal importations come from Germany, France, and Switzerland—production in all of which countries is protected by tariff or the more prohibitive barrier of importation licenses. The French tariff is 6.57 cents per pound on ingot, 9.81 cents on sheet, and 13.84 cents on wire and cable at normal rates of exchange. Importation into Germany is absolutely prohibited.

Size of industry.—During the last 13 months the Aluminum Co. of America has borrowed \$30,000,000, used principally to carry the heavy stock of aluminum which it has been unable to sell against foreign competition. On January 1, 1921, it employed over 20,000 men; 11 months later it had only 8,000. The company is not a combination or a merger. It created the aluminum industry, and during its 33 years of existence has never bought, or merged with, an aluminum plant. All of its plants have been built with its own money, most of it earned in the business. During the last 30 years it has made on an average $15\frac{1}{2}$ per cent per annum on the capital investment. Of this, $2\frac{1}{2}$ per cent has been paid in dividends and 13 per cent put back into the business. Its profits have come largely from fabricated goods, which have thus reached the consumer with but a single profit.

Hearings: Pages 2044–2046.

Witness: Mr. H. E. Galpin, representing the National Aluminum Foundries' Association.

Costs and selling prices.—The selling prices of aluminum foundry products are influenced largely by the price of the raw material—aluminum—the domestic production and supply of which are monopolized by one concern—the Aluminum Co. of America.

It is written in the history of that company that the price of its product has been based upon the price of aluminum in Europe plus freight and duty.

There is a point at which the desirability of aluminum as a metal may be subverted by the price which must be secured for castings; that point being passed, customers will look for and turn to another metal.

Size of industry.—The National Aluminum Founders' Association represents about 14 or 15 independently owned aluminum foundries, with an invested capital of approximately \$9,000,000 or \$10,000,000, and employing normally between 9,000 and 10,000 men. These

foundries are not owned, controlled or connected by stock ownership with the Aluminum Co. of America. The membership of the organization represents about 35 or 40 per cent of the foundry production business in the United States. Probably 30 per cent of the remaining 60 or 65 per cent of the business is controlled by the subsidiary companies of the Aluminum Co. of America.

There are between 40 and 50 such foundries in the United States, besides many small ones (one-man foundries) which, if included, would make the total, perhaps 200 or 300.

Rates suggested.—Any increase in the present rate of duty (2 cents per pound) is opposed; the duty, if not wholly removed, should at least be left on its present basis. In no event should any but a specific rate be imposed.

In view of the situation at the present time, it is contended that the independent manufacturers in the aluminum foundry industry should not be limited by a prohibitive tariff to one source of raw material supply, which would be the effect if paragraph 374 of the Fordney bill, in its present form, became law.

Hearings: Pages 2031–2043.

Witness: Mr. L. M. Brile, representing Brile & Ratner (Inc.).

Costs and selling prices.—The overhead charges of 6 cents plus interest charges of 6 cents, a total of 12 cents, claimed by Mr. Davis as representing the costs of the Aluminum Co. of America, are false. In support of this statement he cited the average price of crude aluminum from 1910 to 1914, inclusive, as 21.61 cents per pound, whereas in 1914 the average price was 18.595 cents. Deducting 12 cents from the latter figure leaves only 6.595 cents per pound, out of which the American Co. had to pay for its raw material, production costs, and profit. When placing some bond issues, Mr. Davis stated that in no year since 1915 had the earnings of his company been less than \$10,000,000. Although the earnings for 1914 are not available, it is known that the investment of the company has increased from \$30,000,000 in 1913 to \$200,000,000 at present, all out of earnings. Assuming, however, \$10,000,000 earnings for 1914 and an output of 90,000,000 pounds, the profit alone per pound would amount to approximately 11.25 cents; if the 12 cents overhead and depreciation charge be added to this, the total is 23.25 cents as compared with a selling price of 18.595 cents, with no allowance for raw material or direct production costs. The witness further asserts that foreign producers are subject to overhead and depreciation charges as well. He also charges that the Aluminum Co. of America maintains prices at just about the importation level. The quantity of aluminum utilized in industry would be materially increased if it were cheaper.

Rates suggested.—The rate on sheets, circles, etc., should be not more than $1\frac{1}{2}$ cents per pound in excess of the duty on ingot. Prior to the war witness could roll sheets for 5 cents and coils for 4 cents per pound; perhaps one-third of this cost was for labor. He also suggests that "coils" (aluminum sheets or strips in rolls) be specifically mentioned.

PARAGRAPH 378—ROLLED BRASS AND COPPER PRODUCTS.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Frank H. Hoffman, representing the Detroit Copper & Brass Rolling Mills and the American Brass and Copper Statistical Exchange, comprising 15 manufacturers.

Hearings: Pages 2047-2053.

Costs and selling prices.—The minimum German wages are 60 marks and the maximum 80 marks per day, respectively equivalent to 70 and 90 cents. Common labor in British plants receives about 23 cents an hour. Wages in American plants are 45 cents an hour. The French labor scale is about one-third of the domestic. Copper sheets sell for 19½ to 50 cents a pound; seamless tubes from 19 to 65 cents a pound, small sizes going from 29 cents to \$4.70 per pound. Brazed copper tubes vary in price from 30 cents to \$1.40 per pound. Sheet brass sells for from 15½ to 55½ cents; seamless brass tubes from 18 to 64 cents, and tubing from 28 cents to \$4.60 per pound. Brazed brass tubes are priced from 27 cents to \$1.37 a pound, brazed rods and sheets from 16 to 55 cents, and seamless brazed tubes from 22 to 68 cents a pound. The paragraph in H. R. 7456 dealing with copper and brass manufactures placed a poundage rate on all of these products, regardless of value. The value depends upon the size of the sheet or the diameter of the tube, on special tempering processes used in the manufacture, on special finishes and other factors, in all of which labor plays an important part.

Size of industry.—The copper and brass industry is very large; it is essential to the national welfare. Production units are expensive, require heavy machinery, and large labor organizations. They can not be assembled on short notice and expansion is necessarily slow. The products of this industry are vitally important to domestic welfare in times of war and enter largely into the manufacture of munitions. They are also important components of automobiles and other machinery. Domestic plants, while formerly at a disadvantage in competition with the foreigner because of the higher labor wages paid here, had an advantage because of more up-to-date machinery. The foreigner has, however, been busy for some time in copying American methods of copper and brass manufacture. The representative of a prominent English manufacturer spent considerable time in this country and familiarized himself with American practice and equipment. All foreign nations producing brass and copper products are preparing to compete in the American market.

Rates suggested.—The following rates on copper and brass rods in place of the rates proposed in H. R. 7456, because of the difference in prices discussed under "Costs and selling prices":

Sheet copper, both hot and cold rolled, in the form of sheets, plates, etc., all lengths, but not over 36 inches wide; heavier than 24 ounces per square foot, 4 cents per pound; more than 14 and not more than 24 ounces per square foot, 6 cents per pound; more than 12 and not more than 14 ounces per square foot, 8 cents per pound; 12 ounces or less per square foot, 11 cents per pound; in addition to above duties, 1 cent per pound for widths between 36 and 72 inches, and 2 cents additional for widths over 72 inches; sheet copper not included in above and coated with tin, and polished, 12 cents per pound; copper

engravers' plate, not ground, 8 cents per pound; copper engravers' plates, ground and polished, 16 cents per pound.

Copper in rolls or coils: All widths over 2 inches, No. 23 Brown & Sharpe gauge and heavier, 4 cents per pound; less than No. 23 but not less than No. 26 Brown & Sharpe gauge, 5 cents per pound; less than No. 26 but not less than No. 31 Brown & Sharpe gauge, 6 cents per pound; less than No. 31 but not less than No. 34 Brown & Sharpe gauge, 7 cents per pound; less than No. 34 Brown & Sharpe gauge, 10 cents per pound; in widths 2 inches and under, also not specified above, 12 cents per pound.

Sheet brass and sheet bronze, brass and bronze plates, Muntz and yellow metal sheets and sheathing, widths 2 to 16 inches; No. 24 Brown & Sharpe gauge and heavier, 4 cents per pound; less than No. 24 but not less than No. 30 Brown & Sharpe gauge, 5 cents per pound; less than No. 30 but not less than No. 33 Brown & Sharpe gauge, 6 cents per pound; less than No. 33 Brown & Sharpe gauge, 9 cents per pound; all other widths and gauges not specified above, 11 cents per pound.

Brass and copper rods, bars, and strips, bolts, piston rods, and shafting and brass wire: Over five-eighths inch in diameter or equal cross section, 2½ cents per pound; three-sixteenths to five-eighths inch in diameter or equal cross section, 3½ cents per pound; one-eighth to three-sixteenths inch in diameter or equal cross section, 4 cents per pound; No. 11 Brown & Sharpe gauge to one-eighth inch in diameter or equal cross section, if rectangular, 6 cents per pound; not specified above, 8 cents per pound.

Seamless, brazed, and lock-seam or lapped tubes and pipes in copper, brass, and bronze: Heavier than 1½ to 4½ inches, inclusive, outside diameter, and No. 14 Stubs gauge and heavier, 5 cents per pound; three-eighths to 1½ inches, inclusive, outside diameter, and No. 14 Stubs gauge and heavier, 9 cents per pound; three-eighths to 1½ inches outside diameter, inclusive, and No. 14 Stubs gauge and heavier, 10 cents per pound; more than 1 inch to 4 inches outside diameter, inclusive, and lighter than No. 14 Stubs gauge, but not lighter than No. 24 Stubs gauge, 15 cents per pound; three-eighths to 1 inch outside diameter, inclusive, and lighter than No. 14 Stubs gauge, but not lighter than No. 24 Stubs gauge, 16 cents per pound; larger than 4 inches outside diameter and lighter than No. 14 Stubs gauge, 20 cents per pound.

Seamless drawn brass, bronze, and copper tubing: One-eighth to 1 inch in diameter, both inclusive, No. 18 to No. 28 Brown & Sharpe gauge, both inclusive, 20 cents per pound; one-eighth to 1 inch in diameter, both inclusive, No. 28 to No. 35 Brown & Sharpe gauge, both inclusive, 40 cents per pound; smaller than one-eighth inch in diameter, No. 19 to No. 35 Brown & Sharpe gauge, both inclusive, 60 cents per pound.

All copper and copper alloys wherein copper is the principal component part not otherwise specified in the above schedules, 12 cents per pound.

The specific duties asked for in no case amount to more than 40 per cent on American valuation. Duties on sheet copper run from 18 to 30 per cent, with an average of 24. Copper in sheets, rolls, and coils runs from 20 per cent to 32 per cent, with an average of 26. On sheet brass and plates and brazed sheets and plates the duties run from 24 to 30 per cent, with an average of 28. On brazed rods and brass wire they run from 18 to 32 per cent, with an average of 25, and on tubes and pipes from 24 to 40 per cent, with an average of 30. The duties asked on manufactures of copper and alloys of copper not otherwise specified amount to 25 per cent.

PARAGRAPH 378.—COPPER, BRASS, AND BRONZE WIRES.

WITNESS.

REQUESTING RECLASSIFICATION:

The Standard Underground Cable Co., of Pittsburgh, Pa. (Brief; no appearance at hearings.)

Rates suggested.—It is urged that copper, copper-clad, brass, and bronze wires be classified under paragraph 316 as eventually adopted

by the House, and not included in paragraph 378 under any specific rate, as suggested by the American Brass and Copper Statistical Exchange.

Although the suggested rate of 4 cents per pound is sufficiently high for some of the larger base sizes, it is entirely inadequate for the finer sizes of wire. Assuming even as low a price as 14 cents base for brass or bronze wire, and with a No. 30 wire taking an advance of 10 cents above base, a specific rate of 4 cents per pound on the valuation of 24 cents would be about 16 $\frac{2}{3}$ cents, while at 20 per cent ad valorem it would be 4.8 cents. Experience indicates that foreign competition would be principally in the finer sizes of wire, as recognized in the amendment of the Ways and Means Committee to have these reinstated in paragraph 316 at an ad valorem rate. While a specific duty is naturally most desirable for some products, it would not be applicable to these wires, of which there are about 40 sizes, each size representing different manufacturing costs and all fluctuating with the general market conditions.

PARAGRAPH 379.—BRONZE POWDER.

WITNESSES.

FAVORING PROPOSED OR HIGHER DUTIES:

The Bronze Powder Manufacturers' Association. (Brief.)

FAVORING LOWER DUTIES:

Leo Uhlfelder Co., New York City. (Brief.)

Witness: The Bronze Powder Manufacturers' Association, Elizabeth, N. J. (Brief; no appearance at hearings.)

Size of industry.—The association comprises nine manufacturers—five in New Jersey and one each in Connecticut, New York, Pennsylvania, and Ohio. Four of these firms were in business before the war, supplying about one-half the bronze powder used in the United States. Two of these four have increased their capacity until, including the five new plants, the total capacity of American bronze-powder factories now exceeds the domestic consumption. The nine manufacturers are in active competition with one another besides competing with German products.

Comparability.—Under some government agency, all the German manufacturers are organized into a combination, which fixes the prices at which these goods are to be sold in the respective foreign countries. These prices, as fixed in March, 1921, for shipping to other countries, are, in marks, double the prices at which these goods are sold to consumers in the United States. German competition is naturally severe, owing to cheap labor, but with the deliberate effort to undersell in America, indicated by fixing the price at one-half that to other countries, competition without a very high tariff is almost impossible. German bronze powder is being sold for export into the United States at 20 marks net per pound. Packing and transportation makes the cost of delivery here about 45 cents per pound. As against this it costs American manufacturers 65 cents per pound, of which the cost of the copper alloy (raw material) is 20 cents, manufacturing 30 cents, packing and transportation 5 cents, selling and overhead 10 cents. American manufacturers believe that although the German workman receives only about one-sixth of the

wages paid in this country, the German manufacturers are losing money on the bronze powder exported to the United States, and that this loss is taken care of, through the syndicates, out of profits made in business in other foreign countries.

The above remarks apply to bronze powders made from copper alloy and known in the trade as gold bronzes. Aluminum bronze powder is made by three of the companies represented in this brief and by other manufacturers in this country. Like gold bronze powder, it is used for decorative purposes, but it is also employed in fire-works, rockets, and certain explosives. In case of war-time necessity every plant manufacturing gold bronzes could utilize the same machinery for making aluminum bronze powder.

Rates suggested.—"The bronze-powder manufacturers agree with the Tariff Commission that a specific duty is more practical than an ad valorem rate. They suggest that in addition to a permanent duty there should be devised some method to prevent 'dumping' by an automatic increase of duty."

Witness: Leo Uhlfelder Co., New York City. (Brief; no appearance at hearings.)

Rates suggested.—The rates on bronze powder in the Fordney bill to be reduced to between 8 cents and 12 cents per pound, which "would be about sufficient to protect the American industry." The firm asserts that the German bronze-powder manufacturers are immense users of American copper, and that the loss of this export trade would more than offset any injury done to the American bronze-powder industry, employing, as it does, less than 200 people, most of whom are foreigners.

PARAGRAPH 380.—GOLD LEAF.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. F. W. Rauskolb, representing the United States Gold Leaf Manufacturers' Association.

Mr. Frederick Pyre, manufacturer of gold leaf, Philadelphia, Pa. (Brief.)

Hearings: Pages 2054-2055.

Witness: Mr. F. W. Rauskolb.

Costs and selling prices.—Labor costs in the United States, per 100 leaves of gold leaf, are \$1.16. Labor in Germany for the same product costs 11.4 cents, a difference of \$1.046 per 100 leaves. Wages paid in the United States are \$44 a week per man as against the German rate of 300 marks or \$4.50 (the mark at 1½ cents). The weekly production per man is 5,000 leaves of gold. The raw material is gold, having the same value here as in Germany. German and Japanese prices for 500 leaves of gold leaf are \$8.25.

Rates suggested.—One dollar per 100 leaves of gold leaf, 3½ by 3½ inches, this duty being necessary to counteract the advantage held by the foreign manufacturer of \$1.04 per 100 leaves in his labor cost.

Witness: Mr. Frederick Pyre, manufacturer of gold leaf, Philadelphia, Pa. (Brief; no appearance at hearings.)

Comparability.—Labor costs in this country and in Germany, for 100 leaves, are, respectively, \$1.16 and \$0.114.

Rates suggested.—A duty of \$1 per 100 leaves (being or equivalent to 3½ by 3½ inches) and proportionately. This does not quite equalize labor costs.

PARAGRAPH 382.—TINSEL WIRE, LAME OR LAHN.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. George M. Montgomery, representing the J. R. Montgomery Co., manufacturers, Windsor Locks, Conn.

FAVORING LOWER DUTIES:

Mr. B. Wilmsen, Philadelphia, Pa., representing himself.

Hearings: Pages 2056–2057.

Witness: Mr. G. M. Montgomery, representing the J. R. Montgomery Co.

Rates suggested.—A brief submitted by the witness asserts that in the printing of H. R. 7456 an error crept into the text of paragraph 382 which entirely changes the meaning of certain clauses. The text proposed reads:

Tinsel wire, lame or lahn, made wholly or in chief value of gold, silver, or other metal, 10 cents per pound and 25 per cent ad valorem; bullions and metal threads, made wholly or in chief value of tinsel wire, lame or lahn, 10 cents per pound and 35 per cent ad valorem; ribbons, beltings, toys, or other articles made wholly or in chief value of tinsel wire, lame or lahn, or of *tinsel wire, lame or lahn*, and india rubber, bullions, or metal threads, not specially provided for in this section 60 per cent ad valorem; woven fabrics, fringes, and tassels, made wholly or in chief value of any of the foregoing, 70 per cent ad valorem.

whereas in the bill as reported by the Ways and Means Committee it reads:

Tinsel wire, lame, or lahn, made wholly or in chief value of gold, silver, or other metal, 10 cents per pound and 30 per cent ad valorem; bullions and metal threads made wholly or in chief value of tinsel wire, lame or lahn, 10 cents per pound and 35 per cent ad valorem; ribbons, beltings, toys, and other articles made wholly or in chief value of tinsel wire, lame or lahn, and india rubber, bullions, or metal threads, not specially provided for, 45 per cent ad valorem; woven fabrics, fringes, and tassels made of any of the foregoing, 55 per cent ad valorem.

The error lies in the omission on page 82, line 18, of this bill, of the words "or of tinsel wire, lame, or lahn" after the word "lahn." The brief proposes also the addition of the words "wholly or in chief value" after the words "and tinsels, made." These changes would clarify the meaning of the paragraph and obviate possible litigation.

Remarks.—In a supplementary brief, filed subsequent to the testimony of Mr. Wilmsen (pp. 2056–2057) the Montgomery Co. asserts that during the war they manufactured most of the tinsel used in this country. Since the war they have made about one-third, the balance being supplied by other domestic manufacturers and by imports. The company denies emphatically that their product is inferior to the imported article and declares, further, that the highest price charged by them to Mr. Wilmsen or others purchasing tinsel, during or since the war years, was \$280 per case of 100 kilos. The shipment mentioned by Mr. Wilmsen may have been purchased through New York jobbing house. In case it would be impossible to determine its origin, it may be landed in New York without

duty for \$160 per case of 100 kilos. The domestic article is selling at the present time for \$205 f. o. b. manufacturing plants.

Hearings: Pages 2055-2056.

Witness: Mr. H. Wilmsen, representing himself.

Costs and selling prices.—The present import price of tinsel is about \$190 per case of 100 kilos; applying the rate of 6 per cent, as specified in the Underwood Act (equivalent to \$11.40) and adding a charge of \$1 per case for haulage and freight, the landed price becomes \$202.40. When deliveries were not being made from abroad, witness was forced to turn to the American manufacturer, who charged him \$425 per case of 100 kilos for inferior tinsel.

Size of industry.—There are three toy and Christmas-tree factories in the United States, one in Philadelphia, one in Baltimore, and the other in Manitowoc, Wis. These employ about 500 persons.

Comparability.—Domestic tinsel is inferior to the imported article.

Rates suggested.—The rate of 5 cents per pound on tinsel wire, lame or lahn, as provided in the acts of 1897 and 1909 should be restored on the ground that duties as proposed in H. R. 7456 will force domestic manufacturers to use tinsel wire under the absolute control of the only manufacturer of it in the United States. The specific rate would permit importers readily to determine the amount of duty to be paid, would eliminate litigation, and relieve the United States appraising officers of considerable difficulty in determining values.

Remarks.—A brief, supplementing the testimony of Mr. George M. Montgomery (pp. 2056-2057), bears upon certain parts of the foregoing testimony.

PARAGRAPH 383.—QUICKSILVER.

WITNESS.

FAVORING PROPOSED OR HIGHER DUTIES:

Hon. Samuel Shortridge, United States Senator from California. (Brief; no appearance at hearings.)

Costs and selling prices.—England for years has controlled the quicksilver market, as the output of the mines of Spain, the largest and richest in the world, is under contract to the Rothschilds at a figure much below the cost of production in the United States.

Size of industry.—Quicksilver is produced in four countries—Spain, Italy, Austria, and the United States.

Rates suggested.—The tariff provided in H. R. 7456 will enable sufficient mines to operate to supply the demand and save these mines to the country in case of war.

Remarks.—The writer submits a copy of a letter written by the Hon. John W. Weeks, Secretary of War, to the Committee on Ways and Means, House of Representatives, setting forth the importance of quicksilver in the manufacture of war munitions, drugs, chemicals, and certain electrical equipment, and referring to the capability of the domestic industry to meet the normal peace demands of the country. It is pointed out, however, that it may be but a short time before these demands can no longer be met from domestic supplies, this being possible because of the steady reduction in producing

mines, brought about by the prevailing high cost of labor and supplies and declining market prices. The opinion is expressed that protection of the quicksilver industry is essential to the needs of the country, and a tariff sufficiently high to maintain it in times of peace is recommended to that end.

PARAGRAPH 385.—NICKEL.

WITNESS.

REQUESTING RECLASSIFICATION:

The American Brass and Copper Statistical Exchange. (Brief; no appearance at hearings.)

Specific provision is requested for nickel silver and tin bronze sheets and rods by inserting the following additional paragraphs:

Sheet nickel silver and alloys of copper containing tin, widths over 2 inches and including 16 inches No. 24 Brown & Sharpe gauge and heavier, 8 cents per pound; thinner than No. 24 but not thinner than No. 30 Brown & Sharpe gauge, 10 cents per pound; all other gauges and widths, 15 cents per pound.

Nickel silver rods and rods of copper alloys containing tin, not under $\frac{3}{8}$ inch in diameter or equivalent cross section, 10 cents per pound; not under $\frac{1}{8}$ to $\frac{3}{8}$ inch, 13 cents per pound; not under $\frac{1}{8}$ to $\frac{1}{4}$ inch, 15 cents per pound; and under $\frac{1}{4}$ inch but not under No. 11 Brown & Sharpe gauge, 19 cents per pound.

PARAGRAPH 386.—PIG TIN.

WITNESS.

FAVORING LOWER DUTIES:

The National Association of Dairy Supply Houses, Chicago, Ill. (Brief; no appearance at hearings.)

Size of industry.—Pig tin enters to quite a large extent into this business. The pig tin produced from Bolivian ores is regarded as unsuitable for the association's purposes.

Rates suggested.—The association asks that the duty of 2 cents per pound on pig tin, in H. R. 7456, be not imposed.

These statements are included in a resolution adopted at a meeting of the association on October 11, 1921.

PARAGRAPH 386.—TIN SOLDER.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING LOWER DUTIES:

The Solder and Bearing Metal Manufacturers' Association. (Brief of August 3, 1921.)

The American Smelting & Refining Co. Frishmuth Bros. & Co., Philadelphia, Pa. (Brief.)

Witness: The Solder and Bearing Metal Manufacturers' Association. (Brief; no appearance at hearings.)

Rates suggested.—Protest is made against placing a duty on tin. The only tin that it is possible to smelt in the United States is made from Bolivian ore. This tin has such properties as to make it unfit for use for the manufacture of tin plate, high-grade solders and bearing metals, for rolling into foil, for manufacturing into collapsible tubes, or for tinning high-grade steel products. At the best, the association can not smelt and refine and use Bolivian tin to amount

to more than 25 per cent of its total tin requirements. A duty on Bolivian tin will not increase consumption, as it is now being used to as great an extent as it can be, owing to the fairly limited purposes for which it is adaptable. The tin produced from Bolivian ore is generally known as second-quality tin, although lately sold under the term of 99 per cent tin.

Comparability.—The Department of Commerce states that the cost of smelting and refining tin in the Straits Settlements, including overhead, is from £4 to £6 per ton. Inquiry in England indicates the same cost in that country; hence, any duty beyond \$10 to \$12 per net ton would exceed the entire labor cost expended on the smelting and refining of tin in the United States, given as from \$10 to \$15 per net ton in the brief.

Witness: The American Smelting & Refining Co. Replying to the above-cited brief under date of September 16, 1921, the company asserts that its electrolytic tin is purer than the best Straits tin, and has been used for all the products for which it is claimed to be suitable by the Solder and Bearing Metal Manufacturers' Association. Touching the assertions made in regard to smelting and refining costs, the company calls attention to the fact that in the Straits Settlements and in England further refining is unnecessary, pure tin ores being available, whereas in the United States it is impossible to obtain pure ores for mixing with the Bolivian ore, which, when smelted alone, does not give a sufficiently high grade of product for tin plating. The proposed duty of 2 cents, therefore, would compensate only for this extra cost of producing tin comparable with Straits tin, not to speak of the higher labor costs here as compared with those abroad.

A further statement from the Solder and Bearing Metal Manufacturers' Association, dated September 27, reiterates the statements made in the earlier brief (abstracted above), citing as evidence the inferior quality of American tin and the various protests presented by consuming interests against the proposed duty. In support of the association's claim that the duty would benefit only the American Smelting & Refining Co., it is stated that the duty will be added to the price, not only of Straits tin, but of all other tins. In spite of the unquestionable inferiority of 99 per cent tin it now sells for only one-half cent per pound less than Straits. Increasing the price on this tin would simply serve the purpose of enabling the smelters of Bolivian tins to get a better price for their product. As regards the statement of the American company that only by the electrolytic process is it possible to produce a good tin from Bolivian ore, and that it costs 2 cents per pound additional for that process, that is a confession that the company has a monopoly on this kind of tin and wants to have a duty equal to the entire cost of such refining.

Witness: Frishmuth Bros. & Co., tobacco and cigarette manufacturers, Philadelphia, Pa. (Brief; no appearance at hearings.)

The firm protests against the duty on tin as adding to the cost of their product to the ultimate consumer.

PARAGRAPH 386; ALSO PARAGRAPHS 389 AND 393.—TINFOIL, ETC.

WITNESS, AND INTEREST REPRESENTED.

FAVORING LOWER DUTIES:

Mr. Egbert Moxham, representing the Conley Foil Co.

Hearings: Pages 2057-2067.

Witness: Mr. Egbert Moxham, representing the Conley Foil Co.

Size of industry.—The tinfoil business is a long-established American industry, carried on by a number of firms with plants established in various parts of the country; they use approximately 4,000 tons of tin per year, or about 6 per cent of the total consumption of the country.

Rates suggested.—The Fordney bill removes metallic tin from the free list and places on it a duty of 2 cents per pound. It advances the duty on lead from 25 per cent ad valorem to a specific duty of $2\frac{1}{2}$ cents per pound, equivalent at normal lead prices to 100 per cent increase. Tinfoil receives a protection of 35 per cent ad valorem, as compared with 20 per cent in the Underwood bill and 45 per cent in the Payne-Aldrich bill. It is the urgent contention of the tinfoil manufacturers of the United States that they are thus subjected to unjust discrimination.

There exists to-day in this country no mining of tin, and the assessment of a duty on imports of tin in ore, while protecting no American industry, can not fail to increase materially to United States consumers the cost of all products into which tin enters, or to react most unfavorably upon manufacturers dependent upon tin for a considerable part of their raw material.

In view of these considerations, the committee was strongly urged not to favor the levying of an important duty on tin in ore, on the broad general ground that it is not a protective measure and that it is unjust to impose on one commodity so abnormal a levy for revenue purposes only. Suggestions in detail follow:

Tin: Tin should remain on the free list. The tin industry is not entitled to the protection sought. The dependence of the United States on the outside world for tin is so absolute as to make it almost self-evident that any import duty imposed by the United States will be followed by retaliatory duties on the part of producing countries. This would serve to build upon domestic prices not only the import duty proposed but the retaliatory export duties occasioned thereby. As to tin-foil, into which tin enters largely, this would work not only a decided hardship to the producer but also to the consuming public in the enhanced prices created. If the existing schedule on tin is changed, tin-foil should carry, in addition to such ad valorem duty as it may enjoy, a specific duty based on the metallic content of the foil to the extent of the specific assessments on tin over the present schedule.

Lead: A protection of approximately 50 per cent ad valorem is unnecessarily high. Statistics show that this country is producing its full requirement of lead and is exporting large quantities, indicating that the industry is in a position to compete successfully with foreign producers.

A suggested amendment to paragraph 393, following the words "35 per cent ad valorem," runs as follows:

Provided, That any manufactured product covered herein, composed in whole or in part of metals upon which there has been imposed by this act specific duties, shall carry, in addition to the ad valorem duty herein enacted, a specific duty of the same rate as is enacted for the metal components by other provisions of this act.

PARAGRAPH 387.—BOTTLE CAPS.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Egbert Moxham, representing the Conley Foil Co.

Hearings: Pages 2057-2067.

Witness: Mr. E. Moxham, representing the Conley Foil Co.

Costs and selling prices.—Although American methods in the manufacture of bottle caps are believed to be the most advanced in use, the prices that manufacturers are able to quote are materially higher than those of their foreign competitors.

Foreign prices are lower by reason of lower values of materials (lead and tin) and labor. The following is a comparison of prices of bottle caps, as quoted by a large German manufacturer, with domestic prices in the United States (converted at the rate of 1 German mark equals 1.28 cents):

Plain bottle caps—	
German price, per 1,000	\$0.54—\$1.18
American price, per 1,000	3.65—4.75
Colored bottle caps—	
German price, per 1,000	.79—1.45
American price, per 1,000	4.49—5.59

To land caps in this country carrying charges would have to be added to the German figures.

Size of industry.—There were at one time a number of manufacturers of bottle caps in the United States, but severe foreign competition compelled one company after another to give up the manufacture. To-day, so far as is known, the Conley Foil Co. is the only manufacturer now in business in this country.

Rates suggested.—The following provision is urged in place of paragraph 387:

Bottle caps of metal, collapsible tubes, and sprinkler tops, if not decorated, colored, lacquered, waxed, enameled, lithographed, electroplated or embossed in colors, 60 per cent ad valorem; if decorated, colored, waxed, lacquered, enameled, lithographed, electroplated, or embossed in colors, 10 per cent extra ad valorem for every color or lacquer, enamel, lithographing (electroplating or embossing bronze to be counted as two colors), plus a specific duty of 2½ cents per pound.

PARAGRAPH 389.—TYPE METAL AND OTHER LEAD ALLOYS.

WITNESS.

REQUESTING ADDITIONS:

The United Lead Co., New York City. (Brief; no appearance at hearings).

Attention is directed to the omission of tin and antimony from the combinations of metals referred to in paragraph 389. Type metal, Babbitt metal, and solder are combinations mainly of lead, tin, and antimony, and the omission (presumably accidental) of the two latter metals would open up the opportunity of importing

them mixed with lead, although H. R. 7456 clearly provides for a duty on tin and antimony in their raw state.

PARAGRAPHS 390 AND 391, ALSO 74 AND 88, OF SCHEDULE 1.—ZINC ORES AND METAL; ZINC OXIDE AND COMPOUNDS.

(See also pars. 74 and 88 of Schedule 1, pp. 1295-1297.)

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. E. H. Wolff, representing the American Zinc Institute, New York City.
 Mr. William A. Ogg, president American Zinc, Lead & Smelting Co., Boston, Mass. (Brief.)
 Mr. Otto Ruhl, representing zinc-ore producers; address, Joplin, Mo.
 Mr. F. W. Wallower, representing the Golden Rod Mining & Smelting Corporation, Joplin, Mo.
 Mr. Charles T. Orr, representing the Athletic Mining & Smelting Co., Webb City, Mo.
 Hon. Henry L. Myers, United States Senator from Montana, representing western zinc producers.

Hearings: Pages 2067-2075.

Witness: Mr. E. H. Wolff, representing the American Zinc Institute.

Costs and selling prices.—Germany can produce slab zinc for 2 cents per pound. Belgian costs are a little higher because of higher wage and fuel scale. A New Tasmania installation will, two years hence, produce 100 tons daily at a cost of 4 cents per pound.

Domestic wages are three to six times those abroad and to-day production costs are more than the price of the metal. Six and one-half cents per pound, exclusive of depreciation or profit, is the lowest domestic cost probable.

Fuel and freight play an important part in domestic production costs and both of these items are far above the prewar scale. During the war domestic labor was placed on the 8-hour basis instead of 12—a change adding 30 to 35 per cent to the cost of production. During the last months of 1920 foreign zinc was landed at New York, duty paid, for 4½ cents per pound.

Size of industry.—The domestic smelting capacity is 650,000 tons of slab zinc per annum. Production in July, 1921, was at the rate of 186,000 tons per year and stocks of metal on hand were sufficient to supply present needs for six or seven months. Geological Survey reports show one-half the production in 1921 as compared with the same period in 1920. During the first six months of 1921 imports amounted to 7,405 tons; exports, 2,255 tons; consumption, 83,865 tons. During the first six months of 1920 imports were nil; exports, 70,000 to 90,000 tons; consumption, 160,000 to 175,000 tons. Imports were growing until political disturbances in Europe cut off sources of supply.

The domestic productive capacity doubled during the period 1914-1916 and there are now 47 smelters located in nine States. The new mining districts of the Missouri, Kansas, Oklahoma field are the richest in the world.

Rates suggested.—The witness proposes the following schedule of rates on zinc and zinc products:

Zinc ore containing up to 10 per cent, free.

Zinc ore containing 10 to 25 per cent zinc, 1½ cents per pound of zinc.

Zinc ore containing above 25 per cent zinc, 2 cents per pound of zinc.

Zinc dust, $3\frac{1}{2}$ cents per pound.

Slab zinc, $2\frac{1}{2}$ cents per pound.

Sheets, plain and coated, $3\frac{1}{2}$ cents per pound.

Old zinc, $2\frac{1}{2}$ cents per pound.

Zinc oxide containing less than 25 per cent lead, $2\frac{1}{2}$ cents per pound.

The witness points out that in the lead schedule manufactures of lead are dutiable at higher rates than the metal, while in the proposed bill the compounds of zinc, such as the chloride, sulphate, and sulfide, are dutiable at the same or even lower rates than the metal.

The bill as passed by the House provides for a temporary rate on zinc metal of 2 cents per pound. The witness requests that this be made permanent, as otherwise the ore producers will derive no benefit from the higher permanent rate provided on ore. In other words, equitable rates must be provided on all products of zinc ore or the schedule will fail to protect the miners. He requests that zinc oxide be considered with zinc metal in Schedule III.

Hearings: Pages 2075-2079.

Brief by William A. Ogg, American Zinc, Lead & Smelting Co.

Costs and selling prices.—Since 1914 increases in freight rates (now double prewar) have added considerably to costs. Taking 1 ton of Joplin concentrate as containing 1,000 pounds of recoverable zinc, increases in freight on this ore to smelters and of the metal to New York add 0.55 cent per pound to cost. Mining costs in the United States have increased from 50 to 100 per cent during and since the war and smelting costs have more than doubled. Costs may be decreased, but the prewar scale is gone for good.

The development of electrolytic processes in foreign countries previously handicapped by a lack of cheap fuel introduces large tonnages of low-cost zinc into the world market. The exchange situation is another factor contributing to low foreign costs.

German prewar costs were 80 per cent of American. Labor rates there to-day are one-fifth the American rate and costs probably one-third. As compared with an American cost of 6.6 cents per pound, German costs would thus be 2.2 cents per pound. This extreme difference is, however, not likely to be permanent.

Zinc has recently been purchased in Europe for 4.6 cents per pound, or 2 cents below American costs plus freight to New York.

Tasmanian costs (electrolytic production) will approximate 2.92 cents per pound with exchange at \$3.50, or 4.06 cents with sterling at par. These costs are f. o. b. London or New York.

Present and probable domestic costs.

	Present.	Probable.	Minimum.
Cost of ore (60 per cent concentrate) per ton of 2,000 pounds.....	\$30.00	\$30.00	\$30.00
Freight on ore to smelter.....	6.00	6.00	6.00
Smelting costs.....	25.00	20.00	15.00
Total.....	61.00	56.00	51.00
Cost per pound of metal.....	.061	.056	.051
Freight to New York.....	.005	.005	.005
Cost f. o. b. New York.....	.066	.061	.056

The ore costs given are below domestic mining costs.

Size of industry.—The domestic smelting capacity was increased by 29,692 retorts during the war period and a large electrolytic plant has been erected. The European smelting capacity has been increased and the surplus will be obliged to seek new markets.

Rates suggested.—Specific duties on zinc ore, metal, and products. Comparing costs in the United States with those obtainable in Tasmania, it will require a duty of 3 cents per pound to maintain the domestic industry on a prosperous basis.

Hearings: Pages 2079–2086.

Witness: Mr. Otto Ruhl.

Costs and selling prices.—During 1919 and 1920 the average value of 35 per cent ore laid down at points along the Rio Grande was \$12 a ton. This ore contained 700 pounds of metal, while the Missouri concentrate contains 1,200 pounds. It requires, therefore, 1.7 tons of Mexican ore to yield the equivalent of 1 ton of Missouri concentrates, resulting in a value of \$20.40. The freight on this 1.7 tons of foreign ore on the Mexican border to Oklahoma smelters would be \$11.72, or \$6.90 per ton of ore, making a total cost of \$32.13. During 1919 the average cost in the Missouri-Oklahoma field for 11 groups of properties, producing 92,000 tons of concentrates, was \$47.50 a ton. Allowing for profit, freight rates to smelters, and other charges, the cost of Joplin ore becomes \$57.17, or a difference between the two products, having the same metal content, of \$25 per ton, or approximately 2 cents per pound.

Size of industry.—The Missouri-Oklahoma-Kansas zinc district supplies approximately 40 per cent of the zinc-ore production in the United States. This production has dependent upon it a population of 150,000 to 200,000 persons. At the present time production is much depressed, this condition starting about a year earlier than that in other industries following the war.

Rates suggested.—In view of the difference in cost discussed above, the witness proposes the following changes: Zinc-bearing ores containing less than 10 per cent metallic zinc, free; ores containing 10 to 25 per cent metallic zinc, 1½ cents per pound; zinc content, 25 per cent zinc or over, 2 cents per pound metallic content; zinc metal, blocks, pigs, or slabs, and worn-out zinc, 2¾ cents per pound; zinc oxide (schedule 1, par. 74) and white pigment containing zinc and not containing lead, 2¾ cents per pound; zinc sheets, strips, coils, and other products, 3¾ cents per pound.

Remarks.—In the witness's brief, beginning on page 2081, are tables showing increases in cost on all supplies entering into the mining of zinc, monthly prices of zinc ore over a period of 24 years, imports from 1914 to 1918, and wage-scale comparisons between present Mexican wages and the prewar and present Missouri-Oklahoma wage. There is also a table showing the itemized cost in the 11 properties mentioned by the witness.

Hearings: Pages 2086–2087.

Witness: Mr. F. W. Wallower, representing the Golden Rod Mining & Smelting Corporation.

Costs and selling prices.—Mexican competition has so affected the Missouri zinc district that of 87 mills formerly in operation none are left at the present time. Several years ago there were 200 mills

operating in the Oklahoma fields; to-day there are 25. Formerly 12,000 men were employed; to-day there are 2,000.

Rates suggested.—Two cents a pound on ore; other rates as suggested by Mr. Ruhl.

Hearings: Page 2087.

Witness: Mr. C. T. Orr, representing the Athletic Mining & Smelting Co.

Costs and selling prices.—The lead contained in some Missouri ores is the only factor permitting operation of the mines at the present time. The lead recovered increases the value of the ore and so permits operation in the larger mines. The purely zinc mines are almost out of business.

Rates suggested.—Two cents a pound on ore and rates on other products as requested by other witnesses.

Hearings: Pages 2087, 2088.

Witness: Hon. H. L. Myers, representing western zinc producers.

Costs and selling prices.—Witness asserts that costs run $2\frac{3}{4}$ cents per pound in the West, but the balance of his testimony on this paragraph tends to the implication that he regards domestic costs on zinc metal as being $2\frac{3}{4}$ cents above foreign costs.

Size of industry.—Western zinc producers are in a bad way and most mines are shut down.

Rates suggested.—Would be satisfied with rates proposed by the witnesses representing other producers.

PARAGRAPH 390; ALSO PARAGRAPHS 302, 386, AND 389; ALSO PARAGRAPH 47 OF SCHEDULE 1 AND PARAGRAPH 207 OF SCHEDULE 2.—PRODUCTS ENTERING INTO THE MANUFACTURE OF STEEL.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING LOWER DUTIES:

Mr. John A. Topping, chairman of the board of directors of the Republic Iron & Steel Co., representing 15 independent steel companies, producing about one-half of the steel output of the United States; address, New York City.

Hearings: Pages 1710–1739.

Costs and selling prices.—The raw materials entering into steel manufacture, such as ferromanganese, ferrosilicon, tin, zinc, etc., add materially to its cost. The proposed increase in taxes on these materials, as proposed in the Fordney bill, would add \$23,800,000 per annum to the cost of steel, this amount being distributed as follows:

Raw material.	Annual requirements.	Proposed tax.	Tax per annum.
	<i>Tons.</i>	<i>Per ton.</i>	
Ferrosilicon, 57 per cent.....	80,000	\$37.05	\$2,964,000.00
Fluorspar.....	300,000	5.00	1,500,000.00
Manganese ore, 48 per cent.....	750,000	10.75	8,062,500.00
Magnesite.....	150,000	10.00	1,500,000.00
	<i>Pounds.</i>	<i>Per lb.</i>	
Pig tin.....	61,949,922	.02	1,238,998.00
Zinc (first two years).....	426,986,416	.02	8,539,728.00
Total.....			23,805,226.00

The labor cost in the manufacture of steel is greater in the United States than in the principal competing countries of Europe—Belgium, England, and Germany. In Germany, based upon returns from 20 different cities, published by the Kiel Institute of World Economics, the labor cost in the production of steel has materially declined. A machinist who earned in 1914 \$1.49 per day in gold earns to-day only 41 cents in terms of gold. This comparison does not take into account the difference between the international gold exchange value of the mark and its lowest purchasing power, due to the governmental regulation of prices, which has given the mark an unnatural buying power in excess of its international exchange value. A very moderate estimate of the real purchasing power of the machinist's daily wages would make the 41 cents per day equivalent to about \$1.23 per day. In the United States wage rates are about 52 per cent higher than in 1914, yet in the steel industry as a whole the wages of labor have probably been more thoroughly liquidated than those affecting any other group of large employers.

When the act of 1909 was put into effect the rate of wages paid by American steel producers and all other employers was about 52 per cent lower than it is to-day. The freight costs for assembling raw material to-day are 100 per cent more than they were in 1914. Thus, for a ton of crude pig iron the freight charges alone amount to about \$10.50, as against about \$5 in 1909.

In addition to other costs, the freight charges on the finished steel product shipped to points along the coast add materially to the domestic selling price as against the price of the foreign product. For example, the cost of steel sheet and structural shapes laid down in New York is \$2.23 a hundred; the German price at the same point, including freight and insurance but exclusive of the duty, is \$1.47. The higher price of the American product in New York is partly due to a freight rate from Pittsburgh to New York of \$7.60 per ton.

The steel producers of the United States are satisfied with the rates, with a few slight exceptions, on steel products in the Fordney bill, provided the rates on raw material, such as ferrosilicon, ferromanganese, etc., are not so high as to increase materially the cost of producing finished steel.

Size of industry.—The United States census report for 1914 credits the steel industry with a capital investment of nearly \$4,300,000,000, an annual pay roll of over \$723,000,000, and a total value of products of \$3,223,000,000. Since 1914, under the stimulus of war demand, the steel-ingot capacity of this country was increased from 40,000,000 tons to 55,000,000 tons, an increase of about 37 per cent. The total number of steel employees under full operation would closely approximate 1,500,000 persons, with an annual pay roll close to \$1,000,000,000 based upon 1914 wage rates and approximately \$1,500,000,000 based upon present wage rates. The witness strongly opposed the duties embodied in schedule 1, paragraph 47; schedule 2, paragraph 207; and schedule 3, paragraphs 302, 386, 389, and 390. With regard to the first, he held that no duty on fluorspar is necessary for an industry protected by the freight charges from the coast to inland points. As to the second, the magnesite industry had flourished under free trade. With respect to manganese, paragraph 302 of schedule 3, it would be difficult to justify any duty whatsoever, seeing that there is no real market for the domestic lean and high

silicon manganese ores when the richer foreign products of Brazil, India, and Russia are available. Ferromanganese is a blast-furnace product like pig iron, and is entitled to a duty relative to pig iron, or about three and one-half times the rate imposed upon pig iron; this would be about \$4.25 per ton instead of the proposed rate of \$39.42 per ton. The witness also protested against the duties on ferro-silicon. There can be no justification for an increased import tax on pig tin, lead, and zinc from a protective-tariff standpoint at least.

In the opinion of the witness, a reduction of rates of duty on the raw materials mentioned is more desirable than an increase in the rates on finished steel products, because there is a surplus product of finished steel, which is ordinarily exported. This export product comes into competition with foreign steel, and it is therefore desirable to reduce costs of production in the United States as much as possible. Besides, this export product is an important factor in keeping labor employed in the United States.

PARAGRAPH 393.—HAIR CLIPPERS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Charles F. Wiebusch, representing manufacturers of hair clippers.

FAVORING LOWER DUTIES:

Adolph Kastor & Bros. (Brief.)

Hearings: Pages 1941-1945.

Witness: Mr. C. F. Wiebusch, representing manufacturers of hair clippers.

Costs and selling prices.—During the past 12 months, thousands of pairs of clippers, sold at ruinously low prices, have flooded this market from Germany, estimated at several hundred thousand pairs in all. The goods are on the shelves of practically every jobber and retailer of this class of goods in the country. Clippers are offered by German manufacturers at prices which, even with 35 per cent duty added, are considerably less than the cost of production of corresponding American models.

Size of industry.—The hair-clipper industry, while not one of the large industries of the country, nevertheless is important.

Rates suggested.—Under schedule 3, paragraph 357, before the word "Provided," there should be inserted "hair clippers, 25 cents each and 35 per cent ad valorem." The rate of 35 per cent under paragraph 393, even if based on the American valuation plan, affords an entirely inadequate protection under existing conditions.

Hearings: Pages 1928-1929.

Brief: Adolph Kastor & Bros.

Costs and selling prices.—The following are prices of German clippers and comparative American clippers; No. 1 clipper, 28 cents—American, 55 cents; No. 0, 32 cents—American, 80 cents; No. 00, 37 cents—American, 90 cents. Applying the requested tariff of 25 cents each and 35 per cent ad valorem, the following would be the prices of the German articles: No. 1 clipper, 72 cents; No. 0, 85 cents; No. 00, 93 cents. Applying the rate under paragraph 393 of 35 per cent

ad valorem, the following would be the prices of the German articles: No. 1 clipper, 47 cents; No. 0, 60 cents; No. 00, 69 cents.

Rates suggested.—It is earnestly urged that hair clippers and toilet clippers be classified under the basket clause forming paragraph 393 of the Fordney bill. The specific duty of 25 cents per piece, plus 35 per cent ad valorem, would be prohibitive and act as an embargo, whereas an ad valorem duty of 35 per cent under paragraph 393 would afford domestic manufacturers ample protection without strangling importation.

Remarks.—A letter, dated September 19, 1921, from Wiebusch & Hilger (Ltd.), hardware and cutlery, New York City, to the chairman of the Senate Committee on Finance, in behalf of themselves and three manufacturing firms, refers to the brief summarized above. It is submitted that the Kastor calculations are based on prices of American makers whose clippers do not compare in quality with the product of the four leading American manufacturers, nor even with the quality of German clippers. The letter takes issue with the assertion that a specific duty on these goods is unnecessary for the protection of American manufacturers.

In a separate and supplementary letter, dated September 21, 1921, from the American Shearer Manufacturing Co., of Nashua, N. H., one of the firms represented in the cited letter, exception is taken to the Kastor claim that hair and toilet clippers should not be classified as cutlery. As a matter of fact, the material used in their manufacture is of higher grade than that employed in scissors, shears, etc., and the goods involve the employment of a large proportion of skilled mechanics. As the original producers of hair clippers in the United States the firm stigmatizes the Kastor brief as an attack on an old American industry. Complaint is made, as in the group letter, that the comparative American prices, cited in the brief, are fallacious. "The Kastor brief is in substance an argument against the American valuation plan."

PARAGRAPH 393.—MINERS' SAFETY LAMPS AND OXYGEN BREATHING APPARATUS.

WITNESS.

FAVORING PROPOSED OR HIGHER DUTIES:

The Mine Safety Appliances Co., Pittsburgh, Pa. (Brief; no appearance at hearings.)

Size of industry.—The manufacture of flame safety lamps, electric safety cap lamps, and self-contained oxygen breathing apparatus commonly termed "mine apparatus," in the United States is practically a war-time development.

Prior to the war all flame safety lamps were imported, as at that time no manufacturer would make up the necessary equipment for their manufacture in this country. On account of the necessity of the mining industry there was good and sufficient reason for keeping them on the free list. During the war, the supply being cut off from Germany, it became necessary to build these lamps in this country, and several kinds of electric safety cap lamps for mining use are now manufactured here. These are real safety devices, installed in the gaseous mines of this country during the past five

years to the number of over 200,000, with the result of practically eliminating mine disasters arising from gas and dust explosions.

Before the entry of the United States into the war all self-contained oxygen breathing apparatus was imported from Germany or England, 90 per cent coming from the Draeger Co., Lubeck, Germany. The first orders for breathing apparatus for the American Army were for the Fleuss Proto, made by Siebe, Gorman & Co., in London. This order, placed in October, 1917, was not executed in time to reach the American Expeditionary Forces before the signing of the armistice.

The American company, however, when finally authorized by the Government to build 200 sets of Gibbs apparatus, made delivery within 90 days. This form of apparatus, developed by engineers of the Bureau of Mines at a cost of many thousands of dollars, was manufactured under license from the United States Government. The apparatus was made not only during the war but has since been introduced throughout the mining regions of this country and Canada, replacing both German and English equipment.

Comparability.—There are now two standard makes of flame safety lamps, one made by the Koehler Manufacturing Co., of Marlboro, Mass., and the other by the Wolf Safety Lamp Co. of America, Brooklyn, N. Y. Both of these lamps are more serviceable and practical than any foreign lamp developed prior to the advent of the American industry, and they have the approval of the United States Bureau of Mines. There is no foreign oxygen breathing apparatus that satisfactorily meets the specifications laid down by the Government in connection with their tests for equipment of this character.

Rates suggested.—Since the Bureau of Mines has no authority to enforce the use of standard approved mine safety equipment, a protective tariff would be a means of safeguarding the American mining industry.

Remarks.—As none of the foreign flame safety lamps have been approved by the Bureau of Mines, there is no good reason why such equipment should remain on the free list, thus allowing inferior, unapproved safety lamps to come in competition with American lamps. There are several electric safety cap lamps manufactured in this country, but the principal one is that perfected by the Edison Storage Battery Co., of Orange, N. J., in 1914, and approved for general mining use by the Bureau of Mines early in 1915. Inferior electric safety cap lamps can readily be imported from Germany and sold in competition with the higher priced domestic lamps.

PARAGRAPH 393.—SPRING CLOTHESPINS.

WITNESSES.

FAVORING PROPOSED OR HIGHER DUTIES:

The Demeritt Co., Waterbury, Vt., and the U. S. Clothespin Co., Montpelier, Vt. (Joint brief; no appearance at hearings.)

Costs and selling prices.—The selling price of 40 cents per gross for domestic pins does not represent the cost of manufacture, as the price has been reduced in an effort to compete with recent German importations.

Size of industry.—There are six manufacturers of spring clothespins in the United States. The two joining in the present statement have a combined output of about \$185,000 per year, and employ 85 people at an average daily wage of \$3 to \$4.

Comparability.—Two years ago German clothespins were being sold in Sweden at 6½ marks per gross. The lowest price at which spring clothespins are now being sold in the United States is 40 cents per gross and, assuming that the German price has been advanced to 8 marks per dozen, a duty of 35 per cent ad valorem would permit their sale in New York at 20 cents per gross, plus freight and selling expense. This is confirmed by a quotation of 30 cents per gross by importers. Before the war, spring clothespins were imported in large quantities from Germany, Norway, and Sweden, and were sold at from 18 to 21 cents per gross—one-third less than the domestic cost.

Rates suggested.—Spring clothespins made from wood and wire to be specifically mentioned, and made dutiable at 60 per cent ad valorem.

PARAGRAPH 393.—TWIST DRILLS.

WITNESS.

REQUESTING RECLASSIFICATION:

H. Boker & Co., New York City, importers. (Brief; no appearance at hearings.)

Size of industry.—About 23 American manufacturers are producing twist drills, the output in the year 1920 being approximately \$40,000,000. Exports of domestic twist drills have for many years been a very large item.

Comparability.—British 1-inch taper-shank twist drills are now quoted in Liverpool at \$3.10. An American drill of the same type is sold at \$4.50. Under the proposed tariff, the duty on the British product would be \$1.58; landing charges, \$0.16, and selling expenses, \$1.09, would bring up the total landed cost to \$5.44, without the importer's profit. The cost of French, Swedish, and German drills has been found to be much higher than that of British-made goods.

Rates suggested.—Twist drills to be taken out of the "basket" paragraph, and placed in paragraph 340, with saws, dutiable at 15 per cent ad valorem.

VARIOUS PARAGRAPHS (AS BELOW).—ORE AND METAL PRODUCTS.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Herbert W. Smith, representing the American Mining Congress; address, Washington, D. C.

Hearings. Pages 1607–1614.

RATES SUGGESTED.

Par. 1. *Arsenic*.—Recommends specific rate of from 3 to 5 cents per pound in place of the ad valorem rate proposed.

Par. 64. *Barytes*.—Approves rate proposed by Hon. M. E. Rhodes.

Par. 1523. *Bismuth*.—Suggests 25 cents per pound to give smelters an incentive to save it and thus conserve the country's resources.

Par. 1539. *Cadmium*.—Suggests 25 cents per pound for same reason.

Par. 211. *Graphite*.—Approves rates proposed by Mr. Weed.

Par. 389. *Lead*.—Electric storage batteries and plates, paragraph 320, are largely manufactured of lead; manufacturers desire 40 per cent duty to bring this product into line with other lead manufactures.

Par. 302. Manganese ore reserves and productive capacity are adequate, in witness's opinion.

One ton ferromanganese requires $2\frac{1}{2}$ tons ore. The prewar cost was \$30 to \$40 per ton; present cost is \$65.

Par. 47. *Magnesite*.—Wage rates in Austria are less than the male base rate of \$1 per day, because of women employed.

Par. 383. *Quicksilver*.—A slight adjustment is necessary to correspond to rate on mercury compounds in schedule 1.

Par. 391. *Zinc*.—Desires changes as recommended by Mr. Ruhl and other witnesses, making the temporary provision permanent.

Pars. 286 and 1670. *Tin*.—Tin smelters in the United States use Bolivian ore and compete against foreign metal. The industry asks for a duty of 5 cents per pound on tin ore and 10 cents per pound on the metal. Witness suggests 4 cents rate on metal, with ore free.

Par. 374. *Aluminum*.—In view of new aluminum developments on the Pacific, the witness recommends an increase in duty on aluminum to 7 cents per pound on block or pig and 11 cents on sheet. The proposed rates of 5 cents and 9 cents, respectively, are the minimum.

SCHEDULE 4.—WOOD AND MANUFACTURES OF.

PARAGRAPH 402.—LOGS, FIR, SPRUCE, CEDAR, AND HEMLOCK.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. W. D. B. Dodson, representing Columbia River Loggers' Information Bureau, Portland, Me. (Brief.)

Hearings: Pages 2103-2106.

Size of industry.—There are 32 shingle mills in the Columbia River district which are absolutely dependent upon independent loggers for their raw material. The flooding of the American market with Canadian shingles would close down these mills and would result in the accumulation and waste of cut cedar in the entire area. This would throw hundreds of men out of employment, and make it necessary for the fir product of the logging camps to carry the burden of loss and waste in cedar cut. The same condition would prevail in the Puget Sound and Gray Harbor districts. At present, one Canadian operator is selling rafts of cedar logs in Puget Sound.

In the Columbia River district alone, in western Oregon, there are to-day 48 independent logging operators. A table showing the number of feet of timber and the names of the owners, in western and eastern Oregon, will be found on page 2106.

Rates suggested.—A protective tariff is desired as being the only means to protect the American shingle market. While a mere anti-dumping act would not be a sufficient protection against the Canadian product, it is proper to notice that the Canadian Parliament,

by act of 1907, has protected the Canadian Provinces against dumping into Canada by foreign countries. Tariff protection against Canadian competition is needed. Cheap product from a foreign country, if not met by a tariff, will kill the American wood industry.

Remarks.—At present there are no logging camps on the Columbia River nearer than 9 miles to the booming grounds. In the State of Washington, where the lumber industry has been more active for a long period of time, the logging camps are still farther remote from tidewater. In British Columbia, where the logging industry is of more recent undertaking, there is much timber directly on tidewater, and also a far greater amount on short rail hauls to booms. This short haul gives Canada a far greater advantage on the original cost of input of the logs into the water. The navigable waters reach far inland, which will give them a very great advantage over a long period. Canadian labor is another advantage, orientals being employed on a 9-hour and, in some instances, on a 10-hour schedule, whereas American labor works only 8 hours, at far better pay.

PARAGRAPH 402.—PULP WOOD.

WITNESSES.

REQUESTING MODIFICATION:

Paper pulp manufacturers of Pennsylvania. (Brief; no appearance at hearings.)

Remarks.—These manufacturers, believing the intent of paragraph 402 of Schedule 4 to be to protect pulp wood, regard its present form as tending in the opposite direction. As the paragraph is written, it might invite Canada to impose an export duty on logs cut from freehold lands, in which case the duty imposed by the paragraph would immediately apply. This would play into the hands of those who would restrict the exportation of wood from such lands or impose an export duty on such woods. It is asked, in order to leave pulp wood on the free list beyond all doubt, that the words "other than pulp wood" be inserted after the word "hemlock" in line 18, page 77 of the bill.

PARAGRAPH 404.—LOGS, MAHOGANY, AND OTHER HARDWOOD.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING LOWER DUTIES:

Mr. Joseph S. Auerbach, representing the Mahogany Association of the United States.

The Mahogany Association of America, and 50 others. (Brief.)

Mr. Thomas Williams, representing the Mahogany Association of the United States and Ichabod T. Williams & Sons.

Mr. Reuben Arkush, representing Williard Hawes & Co., New York City.

Mr. Frank G. Otis, representing Otis Manufacturing Co., New Orleans, La. Palmer & Parker Co., importers and manufacturers of mahogany, Boston, Mass. (Brief.)

The Rica Veneer & Lumber Co., Grand Rapids, Mich. (Brief.)

The Henry H. Shelp Manufacturing Co., Philadelphia, Pa. (Brief.)

Hearings: Pages 2106-2107.

Witness: Mr. Joseph S. Auerbach, representing the Mahogany Association of the United States.

Rates suggested.—The proposed duty of 10 per cent on mahogany and other hardwood logs, and 15 per cent duty on manufactured lumber, will give only a negligible return to the Government. The expense of handling, measurements, etc., will, as at present, be largely in excess of this duty. Accordingly, a uniform governmental policy, time out of mind, to let in free of duty raw materials not produced or producible here and impose reasonable protection upon the manufactured article, is wholly departed from without benefit to the Government and with distinct disadvantage to the importer and manufacturer. Other witnesses would show that the burden would amount to a great deal more than the 10 per cent ad valorem duty.

Witnesses: The Mahogany Association of America, and 50 others. (Brief submitted in 24-page pamphlet form to the Senate Committee on Finance by Davies, Auerbach, and Cornell, counsel for objectors.)

It is stated that paragraph 404 of H. R. 7456 represents a radical departure from a uniform governmental policy in tariff legislation—the policy of keeping on the free list raw material not produced or producible in this country, and imposing a duty upon the manufactured article only. The parties now presenting their views in opposition to this new departure ask only that mahogany and other tropical hardwood logs be permitted to remain on the free list.

No gain will accrue to the Government from the proposed duty, as the additional cost of measuring, handling, and so forth, would greatly exceed the \$450,000 gross derivable from the duty.

Other portions of the pamphlet discuss in detail the potential conditions entailed by a duty, as affecting landing costs, the manufacturers concerned, steamship and other transportation companies, and American labor. Under all these heads, detrimental results are to be looked for and even more far-reaching injury will be inflicted upon American export trade. Manufacturing interests would have to surrender for a long time any hope of continuing that trade. It is suggested that instead of adding new burdens to industry at a time of general business depression, the success of business should be promoted by legislation where needed to that end.

The closing 16 pages of the pamphlet are taken up by a transcript of minutes of hearings before the Senate Committee on Finance, August 27, 1921, at which several of the recorded objectors testified in the spirit of the brief.

Hearings: Pages 2108–2112.

Witness: Mr. Thomas Williams, representing the Mahogany Association of the United States and Ichabod T. Williams & Sons.

Size of industry.—Probably \$25,000,000 has been invested in the manufacturing of hardwoods and in the establishment of agencies in the Tropics for production.

Rates suggested.—The witness opposes the proposed import duty upon mahogany and other hardwoods. Logs of tropical hardwoods are imported from Africa, Central America, and Mexico, almost exclusively on American bottoms, and are imported practically exclusively by American manufacturers and importers. The business represents a great many steamers. The imposition of the proposed tax would divert the importation of mahogany logs to foreign countries, and would lead to the manufacturing of such logs into lumber

and veneers in foreign countries for ultimate importation into the United States by foreign interests. This duty on raw material would injure the American mechanic and would affect hundreds of thousands of men. In 1920 the importations of mahogany and cedar logs into America was about 50,000,000 feet, representing approximately a value of \$4,500,000.

Hearings: Pages 2112-2114.

Witness: Mr. Reuben Arkush, representing Williard Hawes & Co., New York City.

Size of industry.—Mills for converting the logs into lumber and veneers are established in New York and vicinity, Philadelphia, Baltimore, Louisville, New Orleans, Mobile, Cincinnati, Cleveland, Indianapolis, and in all the important Middle West cities.

Rates suggested.—The witness protests against the proposed duty on rough mahogany and cedar logs, and other rough cabinet woods. Millions of dollars are invested in American mills for converting logs into lumber and veneers. To impose a duty on these logs will only encourage the building of mills in Mexico, Cuba, and other places of production. As none of these woods grow in this country, a duty is not required for protection. Importation of these hardwoods has been encouraged to protect the diminishing supply of domestic hardwoods. The 10 per cent duty, plus the additional cost by reason of delays and rehandling, would considerably enhance the price of mahogany and cedar lumber to the manufacturer, which would be reflected in the cost of furniture to the consumer. The witness sees no benefit in the proposed tax and only a great handicap to the industry.

Hearings: Pages 2114-2117.

Witness: Mr. Frank G. Otis, representing Otis Manufacturing Co., New Orleans, La.

Costs and selling prices.—The price paid for 1,000 feet of mahogany lumber, in the log, varies from \$80 to \$100, and the cost of freight amounts to about \$40 or \$50. The average selling price on the company's log run is about \$160 to \$170. The average net profit on sales is about 10 per cent.

Size of industry.—There are about 10 mills, representing an invested capital of approximately \$20,000,000. The sawing of the logs is an important item in the manufacture, and requires the employment of thousands of laborers.

Rates suggested.—The company is opposed to the proposed duty, thinking that no benefit will be derived therefrom. A brief submitted by 50 leading importers and manufacturers includes a table of expenses (see p. 2116) which will necessarily result from the duty. The total expense is given as \$10,925.05, against which the amount of duty collected would not exceed \$5,000, showing a serious and direct loss to American shipping and to the importer and subsequent manufacturer. It is urged that the present provision of the Payne-Aldrich tariff bill be left undisturbed.

Witness: Palmer & Parker Co., importers and manufacturers of mahogany. (Brief; no appearance at hearings.)

Remarks.—The firm strenuously opposes any duty on logs, such as mahogany, cedar, etc. The firm has been in business since 1833 and has never paid duty on logs. It approves of a duty on lumber.

The effect of the 15 per cent duty proposed in H. R. 7456 would be that foreigners would start up mills and no mahogany would be sawed in this country. As a means of meeting the competition thus set up with the aid of cheap labor, and in order to conserve capital invested in west Africa, it might become necessary for the firm to erect a mill in that country.

Witness: The Rice Veneer & Lumber Co., Grand Rapids, Mich. (Brief; no appearance at hearings.)

Remarks.—The brief is a protest against the proposed duty on mahogany and cedar logs. These materials are not produced in this country, but mills for their manufacture have been erected, including a new one for the company. The proposed duty would put these mills out of commission and deprive many persons of employment. The sawing would be done at the ports of export.

Other points made are the disproportionate cost of measuring and handling at the ports of entry, and the inroad which would be made upon the domestic supply of hardwood, already greatly depleted.

Witness: The Henry H. Sheip Manufacturing Co., Philadelphia, Pa. (Brief; no appearance at hearings.)

Remarks.—The firm not at present in the cedar business, but handling other tropical hardwoods, refers to the insistent cry to save the redwood forests. The proposed imposition of a 10 per cent duty on Spanish cedar logs will kill cedar imports, just when there is a tendency to revert to that wood for cigar boxes, after having been too expensive during the war. With such duty, California redwoods will go on being cut down for cigar boxes.

PARAGRAPH 405.—POLES, CEDAR.

WITNESS, AND INTEREST REPRESENTED.

FAVORING LOWER DUTIES:

Mr. T. M. Lane, attorney, representing the cedar pole industry.

Hearings: Pages 2117-2130.

Costs and selling prices.—Poles are generally sold in America at price delivered at destination and, naturally, selling prices in the United States are as varied as the points of delivery.

Size of industry.—The annual consumption in the United States is estimated at from 3,500,000 to 5,000,000 poles, 95 per cent of which are cut from domestic forests. About 5 per cent of the poles are imported.

Rates suggested.—The witness submitted a brief requesting that ad valorem classification of cedar poles be abolished, and that they be given the same treatment as the other round timber in the act. All other round timber is either free or dutiable at a specific rate, poles being the only exception. It is suggested that cedar poles be placed in the same classification as poles used for telegraph wire, under paragraph 401. The industry would be satisfied with a specific duty, but urges that poles be put on the free list instead of dutiable at 10 per cent upon American valuation. Changes are also suggested in paragraphs 401, 402, 405, and 1683. (See page 2129.)

Remarks.—It takes 150 years to grow a 30-foot pole in Michigan and from 75 to 100 years to grow the same pole in the northwestern

part of the United States. At the present rate of consumption the supply will be exhausted within this generation. There is a great scarcity of poles in the United States. Poles are a cheap commodity on which freight is relatively high.

PARAGRAPH 408.—SHINGLES, CEDAR.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. George A. Bergstrom, representing the Pacific Timber Co., Everett, Wash.

Mr. E. E. Case, Raymond, Wash., representing himself as manufacturer.

Mr. W. C. McMasters, representing the McMasters Shingle Co., Kenmore, Wash.

Hearings: Pages 2130-2135.

Witness: Mr. George A. Bergstrom, representing the Pacific Timber Co., Everett, Wash.

Costs and selling prices.—The witness states that at the time of closing the company's mill the price of the average cedar log of British Columbia mills was \$16 per thousand delivered at the mill, while the American cost was \$18 base, or an average of \$19. This makes the operation of the American mills impossible under existing conditions, as it practically involves a differential of \$3 per thousand in favor of British Columbia mills for the raw material. The selling price of shingles is \$2.60 on ordinary clears. With 30 per cent labor, about 20 per cent overhead, and about 50 per cent raw material, no profit is left.

Size of industry.—The company has invested \$200,000 in the industry and employs 100 American laborers.

Comparability.—Red cedar in the Province of British Columbia amounts to 125,000,000,000 feet as compared with 25,000,000,000 feet remaining in the State of Washington and 12,000,000,000 feet remaining in the State of Oregon. White labor in Canada costs \$3.60 for nine hours' work, or 40 cents per hour. Domestic wages are \$3.60 for eight hours, or 45 cents per hour; other white labor in proportion.

Rates suggested.—The company favors the 50 cent per thousand rate on shingles proposed in H. R. 7456.

Hearings: Pages 2135-2144.

Witness: Mr. E. E. Case, representing himself, as manufacturer.

Comparability.—At least 50 per cent of the shingle mills in Oregon and Washington are shut down, while the Canadians have been running their mills at full capacity. About 80 per cent of all the shingles that British Columbia cuts is sent to the United States, while the American mills are closed and the railways idle. In 1920 the Oregon and Washington manufacturers utilized 700,000,000 feet of cedar logs, and 14,000,000 feet were imported from Canada. Canada has the advantage of cheap labor, and transportation facilities with cheaper rates. The Canadian mills have increased 300 or 400 per cent since the tariff on shingles was taken off.

Rates suggested.—The witness regards the request of 60 cents per 1,000 on shingles as very moderate.

Remarks.—The greatest detriment to the American shingle and cedar log industry is the lack of transportation facilities, coupled with high freight rates. High labor cost is another hindrance. Substitutes have also been detrimental.

Hearings: Pages 2144–2145.

Witness: Mr. W. C. McMasters, representing the McMasters Shingle Co.

Rates suggested.—The company's concern took a referendum of Washington and Oregon shingle mills and found that the majority favor the 50 cents per 1,000 shingles as proposed in H. R. 7456. The witness has many letters on file, stating that the British Columbia mills are underselling the American.

PARAGRAPH 411.—REED AND RATTAN.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING LOWER DUTIES:

Mr. Charles H. Demarest, representing the Rattan and Reed Importers' Association.

Mr. William S. Ferris, representing the Sidway Mercantile Co.

Mr. Carl Gerdau, representing the Otto Gerdau Co.

The S. A. Jacobson Co. (Inc.), importers and commission merchants, New York City. (Brief.)

Hearings: Pages 2145–2149.

Witness: Mr. Charles H. Demarest, representing the Rattan and Reed Importers' Association.

Cost and selling prices.—Reed and rattan, unmanufactured, sell in the market to-day at 9 cents per pound, and cost landed at New York approximately 7 cents per pound. In large quantities they sell at 7½ and 8 cents. The machine-made reed is used in the manufacture of chairs and sells from 25 to 35 cents and up to 60 cents per pound, and even higher for the smaller sizes.

Size of industry.—There are about 10 manufacturers in America who make the machine-made reed, mainly for their own use.

Rates suggested.—A brief filed by the witness points out that a duty of 20 per cent, based on the value of machine-cut reed of comparable size used by broom manufacturers, would make the duty 12 cents a pound on 7-cent reed, and therefore restrict manufacturers from using the material. In other words, there would be a 150 per cent duty assessed on reed, hand made. The industry wants a specific duty on the better qualities and less than 20 per cent on the cost value. Reeds unmanufactured should stay on the free list. The witness suggests several changes in paragraphs 411 and 1683. A 10 per cent ad valorem, or a specific duty of 2 cents per pound, should be placed on rattan, which is also a raw material, and on the free list under the present and previous tariffs.

Remarks.—Crude hard-cut reeds are imported from China, mainly for use in brooms and baskets, the better selections for cheap chairs, furniture, etc. Machine-cut reed, imported from Germany and China, compares in value with machine-cut reed made in America, by a few American manufacturers only, mainly for their own use.

Hearings: Pages 2149-2155.

Witness: Mr. William S. Ferris, representing the Sidway Mercantile Co., Elkart, Ind.

Costs and selling prices.—China hand-cut reed is worth from 15 to 25 cents per pound. The price of Chinese reed is 20 cents per pound, and of American reed, 40 cents per pound. In April, 1921, the best grade of machine-cut reed, Chinese, was offered for 31 to 34 cents per pound, carrying charges to port of entry and duty paid. American machine-cut of the same grade was 40 cents per pound.

Size of industry.—There are about 10 American cutters of reed, 4 of whom are manufacturers of reed furniture; 2 are large operators. The approximate investment in this industry is \$3,000,000 and it employs about 600 operatives. There are 130 manufacturers of reed products. The baby-carriage manufacturers have a capital investment of about \$15,000,000 and employ, under normal conditions, about 8,000 operatives. Therefore, upward of 100 manufacturers of furniture have an investment of about \$40,000,000, and employ normally 27,000 operatives. The cost of labor varies with the class of work from 25 to 30 cents per hour.

Rates suggested.—The rate on rattan to be 10 per cent. If the rate is increased to 20 per cent, it will be to the advantage of the 10 American cutters of reed only; the 130 manufacturers of reed products would be placed at a distinct disadvantage and the additional amount would be taken from the profits or passed on to the consumer.

Remarks.—Reed is absolutely essential in the manufacture of baby carriages and reed furniture; no substitute material of equal value has been found. No other single item of material entering into the cost of baby carriages and reed furniture equals the value of the reed used. It is impracticable for a large number of concerns to cut reed in the United States, because of the limited market for the by-products, which represents at least 25 per cent of the rattan. Some conception of the profit may be obtained by consulting a table on page 2140, as part of a brief submitted by a great many concerns. A supplementary brief controverts the claims made by another witness that a satisfactory substitute for reed is being largely used by baby-carriage manufacturers.

Hearings: Pages 2155-2156.

Witness: Mr. Carl Gerdau, representing the Otto Gerdau Co.

Rates suggested.—The present duty of 10 per cent on reeds and cane and the 20 per cent as proposed in H. R. 7456 are both too high. Both reeds and rattan should be placed on the free list. The few large furniture manufacturers desire a tariff on reeds, because a tariff will aid their furniture business and keep thousands of the smaller competitors entirely without reeds or cane, or enable the former to sell to them at prices sufficiently high to make serious competition in furniture impossible. There is absolutely no reason to fear competition with Chinese handmade reeds, this being so inferior that it does not compete against American reed. This argument is brought up only with the purpose of obtaining a monopoly of the reed-furniture industry through a tariff on reeds. By placing reeds on the free list the small wicker-ware manufacturers who do not cut their own reeds, and the few large manufacturers who cut their own reeds and cane, will be placed on a fair and equal basis.

Remarks.—In a brief dated August 6, 1921, the company discusses at length the origin of, and the manufacturing methods applied to,

the material known as rattan—"a long, flexible stick, growing only in the Far East." Reference is made to the leading American firms in this business, only one of which devotes itself exclusively to removing the bark of the rattan, with the object of placing the bark and the core on the market for the thousands of smaller furniture, baby carriage, and basket manufacturers. It is alleged that the large manufacturers have always desired to put their many small competitors out of business by means of a prohibitive duty on reeds and chair canes. In this connection the brief states that the proposed 20 per cent tariff would benefit only the half dozen large furniture manufacturers, employing only a few hundred in the cutting of the rattan. Prewar conditions are so changed that foreign competition in reeds and canes is no longer to be feared. In these circumstances American manufacturers can well afford to be content with no duty at all on these materials.

Witness: S. A. Jacobson Co. (Inc.), importers and commission merchants, New York City.

(Brief; no appearance at hearings.)

Remarks.—The brief protests against the application of the American valuation plan to imports of reeds from Germany, France, England, and China. This, it is alleged, would bring about a prohibition of imports. There are six or eight American manufacturers of reeds, with different prices on the various sizes and qualities, so that a proper valuation by the customs authorities would be impossible.

Not only so, but a duty on that basis would penalize the thousands of users of reeds in this country.

PARAGRAPH 411.—RATTAN, REED, AND GRASS FURNITURE.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Fred W. Green, representing the Ypsilanti Reed Furniture Co.

FAVORING LOWER DUTIES:

Mr. E. F. Ganahl, representing the O'Connor-Harrison Co., importers and exporters.

The Mentzer-Plagett Co., importers and brokers, Grand Rapids, Mich. (Brief.)

Hearings: Pages 2161–2164.

Witness: Mr. Fred W. Green, representing the Ypsilanti Reed Furniture Co.

Costs and selling prices.—The highest price ever paid for a machine to cut reeds was \$1,350. The cost of engaging in the manufacturing of baby carriages is approximately \$5,000. The labor cost of splitting rattan into reeds is between 5 and 6 cents per pound.

Rates suggested.—The company is opposed to the 10 per cent duty on reed and to the new wording, "unmanufactured reeds." German and other importers became wealthy under the 10 per cent duty and collected large sums, which should have gone to the United States, through conflicting decisions on the "unmanufactured reed" question. The United States will lose vast sums of money if this phrase is put back in the tariff. The company does not think the 20 per cent rate prohibitive, having found by calculation, using the selling price of August 20, 1921, and the 20 per cent as basis, that in all instances the Chinese price was below the domestic for both handmade and machine-made reeds.

Remarks.—The difference between Chinese hand-cut reeds and machine-made reed lies, to a large extent, in the quality of rattan used by the Chinese. The Chinese method of making reed is crude and cheap, the material used of the cheapest, which results in such a large waste that it would not pay to bring it to the United States.

American manufacturers have had to import a good quality of rattan, out of which they could not only get reed, but also the outer part of the cane. "Fiber," used to a great extent in making baby carriages, is made of twisted paper. When finished, the Menominee fiber can not be distinguished from the reed; it is almost impossible for an expert to tell the difference. The witness gives the names of 11 American firms now engaged in cutting reed in this country. The expense of establishing the reed industry is nominal. Labor cost in China is very much lower than in the United States. One factory in China employs about 20 men, of whom at least 15 are blind soldiers. If a Chinese merchant gets \$3.50 for a chair, he thinks he is getting an enormous sum of money. China sells her goods f. o. b.

Hearings: Pages 2158–2161.

Witness: Mr. E. F. Ganahl, representing the O'Connor Harrison Co., importers and exporters.

Costs and selling prices.—A domestic reed chair sells at retail on the Pacific coast for \$24 or higher, while an imported grass chair retails at about \$12. Many American families can not afford the domestic furniture, but can afford the foreign. A table is submitted, as part of a brief, showing how the present wholesale price of an imported grass chair is reached.

Comparability.—One of the main reasons for a revised tariff is European competition, caused solely by depreciated European exchange. As oriental exchange is not depreciated, the furniture under discussion is in an entirely different class from the products of Europe.

Rates suggested.—The witness opposes the proposed rate of 50 per cent ad valorem on rattan, reed, and grass furniture, which would entirely stop the importation of furniture of this class. American manufacturers have never manufactured, and are not at present manufacturing, grass, peel, or rattan furniture to any extent. The proposed duty of 50 per cent on a grass chair would result in:

1. An increase in duty of \$8.63, or 2,980 per cent.
2. An increase in wholesale selling price of \$11.83, or 297 per cent.
3. An increase in retail selling price of \$23.86, or 297 per cent.

If it is found necessary to place an additional duty upon fiber furniture, a rate of not over 10 per cent based on American valuation, or not over 35 per cent based on foreign valuation, should be placed on rattan, peel, and grass furniture. Any rates in excess of these will make business impossible. In the event that increased revenue is not required, an assessment of lower rates is requested, as these rates are not required to protect American manufacturers. The wording of the paragraph should be changed, as the term "fiber" is extremely ambiguous, and, under the wording as proposed, it is possible that Treasury decision would regard grass, peel, and rattan as fiber furniture.

Remarks.—Grass, peel, and rattan furniture is one of the best non-competing commodities that can be imported from south China.

The imported furniture is of an entirely different quality from the domestic reed or fiber furniture.

Comparability.—In a brief dated July 26, 1922, the O'Connor Harrison Co. presents the leading arguments in support of the contention against the proposed duty. While this stands at 50 per cent in H. R. 7456, it would amount to 350 per cent or more if based on American valuation—an "excessive and prohibitive duty." It is held that imported grass, reed, and peel furniture does not compete in any way with that of domestic make, the qualities being incomparable. There would be a distinct hardship on the American public in the doubling of present prices.

Witness: Mentzer Piaget Co., importers and brokers, Grand Rapids, Mich. (Brief; no appearance at hearings.)

In a printed circular submitted to the Committee on Finance, the firm asserts that H. R. 7456, as relating to Chinese sea-grass and rattan furniture, would increase the present rate of duty over 1,300 per cent.

Comparability.—As this class of furniture is not made in America, this prohibitive duty is not needed as a protective measure and would, beside, deprive the Government and the American merchant marine of a substantial revenue through the reduced volume of imports. The proposed duty is contrasted with the rates in previous tariffs and the location of "a nigger in the wood schedule" is sought.

It is contended that Chinese sea-grass and rattan furniture should be returned to its proper classification under paragraph 414. Objections to the American-valuation plan include the necessity of selling goods six to eight months in advance of importation; a firm price, indispensable under this condition, would become impossible, and there would be a pyramiding of prices that would make the cost of Chinese furniture prohibitive.

Rates suggested.—It is pointed out that a duty under the American-valuation plan would be a duty on transportation costs as well as on the value of the article—a factor of considerable importance with bulky articles, such as those in question. A duty of 5 per cent on that plan would be the maximum that an importer could pay.

PARAGRAPH 411.—SPLIT BAMBOO.

WITNESS, AND INTEREST REPRESENTED.

FAVORING LOWER DUTIES:

Mr. F. A. Steiert, representing A. Steiert & Sons.

Hearings: Pages 2156-2158.

Rates suggested.—The witness would put split bamboo on the free list. He states that if the proposed duty of 2 cents a pound, or 66⅔ per cent, is placed on this product the industry of making brooms for street-cleaning purposes will be eliminated, as will also about 50 per cent of the broom pushers in the various cities.

Remarks.—The split-bamboo fiber is of a vegetable nature and grows in the Orient; it can not be grown in America; it does not interfere or compete with anything. It is used for making municipal brooms for street-cleaning purposes.

PARAGRAPH 411.—OSIER OR WILLOW.

WITNESS, AND INTEREST REPRESENTED.

FAVORING LOWER DUTIES:

Mr. William R. Ryan, representing the Universal Willow & Reed Ware Co.

Hearings: Pages 2164–2166.

Costs and selling prices.—The retail price of a Bar Harbor chair to-day is \$5. It costs \$2.35 for American labor, \$2.16 for American material, total cost, \$4.51, no allowance being made for overhead, etc. The imported chair in May cost \$3.95, but, finding safe competition, was raised to \$4.95.

Size of industry.—Before the war 65 per cent of osier or willow used in the manufacture of furniture was imported from Germany, and about 25 per cent from France. Less than 10 per cent was grown in America. To-day more than 500 acres of osier or willow are under cultivation, and about 80 manufacturers in the United States are making willow furniture. The capital invested amounts to about \$1,500,000, and about 5,000 people are engaged in the manufacture. The average hours of labor are about 49½ per week, with an average pay for common labor of between 30 and 35 cents per hour. The pay of mechanics and skilled laborers is between 45 and 90 cents per hour.

Comparability.—German competition is feared, as imports of willow furniture have increased as follows: In 1919, \$3,040; 1920, \$28,114; and for six months, 1921, \$35,547. An American firm has been approached by a representative of a German corporation and asked to give up its factory and sell German willow furniture at prices with which the American industry can not compete.

Rates suggested.—The wording of paragraph 411 to be changed; page 80, line 4, after comma following the word “bamboo” insert the words “osier or willow”; line 5, after comma following the word “grass” insert the words “osier or willow”; line 8, strike out “25” in figures and insert “10,” which is the present rate. If the rate on raw material is increased, it will eliminate American manufacturers. The witness submitted a brief, from which the above notes are partly taken.

PARAGRAPH 411.—WILLOW FURNITURE.

WITNESS, AND INTEREST REPRESENTED.

FAVORING LOWER DUTIES:

Mr. James F. Donnelly, representing the Mentzer-Plaget Co., Grand Rapids, Mich.

Hearings: Pages 2167–2171.

Costs and selling prices.—A chair selling on the American market for \$9 wholesale would be sold at a loss under the proposed tariff. The \$4.50 left would have to include the cost of the chair (\$2.25 at present rate of exchange); ocean freight, \$2 or \$2.25; rail freight, \$1.81; and in addition pay the salesman's commission and a 2 per cent discount. A brief submitted includes a table of costs of a typical Chinese chair under various tariff rates. (See p. 2153.)

Rates suggested.—A 5 per cent ad valorem rate or a specific duty. Paragraph 411, page 80, line 3, to be changed to read, beginning at word “from” — “Furniture made with frames wholly or in part

of wood, rattan, reed, bamboo, or malacca, and covered wholly or in part with rattan, reed, grass, rattan peel, or fiber of any kind, 5 per cent ad valorem." As a substitute, based on specific duty, to read as follows: "Small pieces, 35 cents; regulation chairs and rockers, 75 cents; larger pieces, such as settees, lounges, recliners, extension chairs, etc., \$1." With the application of the American valuation plan this shows an increase of approximately 50 per cent over the present rate of duty.

PARAGRAPH 413.—PORCH AND WINDOW BLINDS.

WITNESSES.

FAVORING PROPOSED OR HIGHER DUTIES:

The Aeroshade Co.
The Hough Shade Corporation.
The Raymond Porch Shade Co.
The Shredwood Curtain Co.

(Joint brief; no appearance at hearings.)

Remarks.—It is pointed out that the two widely different kinds of porch and window shades now being imported into the United States call for a division of paragraph 175, Schedule D, of the 1913 tariff act, in which the distinction between wooden and molded slats on the one hand and bamboo, reed, and similar material on the other shall be duly recognized. A duty of 45 per cent ad valorem is requested on the former and of 60 per cent on the latter.

Attention is directed to details of German wages and to the advantages enjoyed by Japan, not only in this respect but in the much lower cost of a material (bamboo), reproducing itself without cultivation every few years.

PARAGRAPH 413.—BASKETS.

WITNESS.

REQUESTING RECLASSIFICATION:

H. Bayersdorfer & Co., florist supplies, Philadelphia, Pa. (Brief; no appearance at hearings.)

Rates suggested.—As importers of baskets to the extent of 71 to 100 large cases at a time, the firm is impressed by the "almost 100 per cent examination" necessary to give effect to the provisions of this paragraph as drawn; that is to say, distinguishing between plain and stained. It is suggested, in order to meet this, that the paragraph be supplemented by the words: "Baskets, natural or stained, dyed, painted, polished, grained, or creosoted, 30 per cent ad valorem." This would do away with the lower rate of 25 per cent on natural baskets and would greatly simplify procedure.

PARAGRAPH 414.—BROOM HANDLES.

WITNESS.

FAVORING LOWER DUTIES:

Mr. Samuel Wasserman, New York City.

Hearings: Pages 2171-2172.

Costs and selling prices.—The cost of manufacturing handles ranges from \$5 to \$7 per 1,000, according to factory conditions.

This would bring the cost to the manufacturer to about \$30 per 1,000 for first grade. The present selling price is about \$50 per 1,000. The prevailing prices before the war were \$18 to \$20, during the war \$80, and after the war \$50 per 1,000.

Size of industry.—There are between 35 and 40 broom-handle factories in the United States, and about 1,000 establishments engaged in the manufacture of brooms, with an output of 50,000,000 brooms annually. One concern has been in the broom-manufacturing industry nearly 40 years and employs, when on full time, several hundred men, with a large wage list.

Rates suggested.—The witness objects to the proposed duty of 25 per cent ad valorem. Broom handles are now on the free list and should remain there. Putting and keeping broom handles on the free list has the effect of stabilizing prices, will enable the manufacturer to turn out his product at a lower price, and the consumer will reap the benefit.

Remarks.—The hardwood from which handles are made costs about \$40 per 1,000 feet, from which about 1,700 handles can be manufactured. During the war it was almost impossible to obtain the necessary supply of broom handles at any price. America's supply of beech, birch, and maple, the hardwoods used in the manufacture of broom handles, is very limited, and domestic forests are now being denuded of these very valuable hardwoods, which could be much better utilized in the building of homes. The importation of hardwoods necessary to make broom handles should therefore be welcomed.

PARAGRAPH 414.—BENT-WOOD FURNITURE.

WITNESS.

FAVORING LOWER DUTIES:

Jacob & Josef Kohn (Inc.), New York City. (Brief; no-appearance at hearings.)

Costs and selling prices.—The firm objects to the proposed increase of the duty on bent-wood furniture from 15 per cent on its foreign market value to 25 per cent of its American market price. This, it is contended, means an increase from 15 per cent to 100 per cent. An imported dining-room chair, for instance, sold at \$10 to the furniture dealers in the United States, would be dutiable at \$2.50, practically increasing the selling price by that amount.

Foreign prices still average about 70 per cent above pre-war American-made bent-wood chairs show a marked advance over pre-war prices, in spite of voluntary reductions already made. The addition of 100 per cent in duties would result in the ruin of importers. A further reduction has been made in prices even since the appearance of the firm before the Ways and Means Committee in the late spring of 1921.

Even if the present foreign value basis be maintained, this proposed increase in the rate will seriously jeopardize imports and expose the public to the operations of combinations of domestic manufacturers.

SCHEDULE 5.—SUGAR, MOLASSES, AND MANUFACTURES OF.

PARAGRAPH 501.—SUGAR.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Francis Kine Carey, Baltimore, Md., representing the National Sugar Manufacturing Co., Sugar City, Colo.
 Mr. W. D. Lippitt, representing the Great Western Sugar Co., Colorado.
 Mr. C. H. Allen, representing 1,200 farmers organizing a sugar factory.
 Mr. R. D. Mead, representing the Hawaiian Sugar Plantation Association.
 Mr. Raymond Pitcairn, representing estate of John Pitcairn.
 Mr. G. W. McCormick, representing the Menominee River Sugar Co., Menominee, Mich.
 Mr. Frank C. Lowry.
 Mr. Isauro Gabaldon, representing Philippine sugar interests, Philippines.
 Mr. F. R. Hathaway, representing the Michigan Sugar Co., Detroit, Mich.
 Mr. C. C. Hamlin, representing the United States Sugar Manufacturing Association, Colorado Springs, Colo.
 Mr. A. E. Carlton, representing the Holly Sugar Corporation, Colorado Springs, Colo.
 Mr. Joe B. Chaffee, representing the American Cane Growers' Association, Louisiana.
 Mr. John M. Rogers, representing the Louisiana Cane Growers' Association, New Orleans, La.
 Mr. Robert E. Milling, representing the American Cane Growers' Association.
 The American Farm Bureau Federation. (Brief.)
 Mr. Charles DeB. Claiborne, New Orleans, La., representing southern and national banking interests.
 The Chamber of Commerce of Honolulu. (Brief.)
 The North Platte Valley Water Users' Association. (Brief.)
 Mr. R. D. Bowen. (Brief.)

FAVORING LOWER DUTIES:

Mr. Henry A. Rubino, 79 Wall Street, New York City, representing the Miranda Sugar Co.
 Mr. E. P. Shattuck, representing the Cuban American Sugar Co.
 Mr. F. L. Craycraft, 55 Broad Street, New York City, representing the Pressed Steel Co. of Cuba.
 Mr. E. A. S. Clarke (Brief)
 Mr. William W. Matos. (Brief.)
 Mr. Samuel M. Vauclain, representing the Baldwin Locomotive Works, (Brief.)
 E. Atkins & Co. (Brief.)

Hearings: Pages 2257-2264.

Witness: Mr. Francis King Carey, Baltimore, Md., representing the National Sugar Manufacturing Co., Sugar City, Colo.

Size of industry.—The company manufactures annually about 1,000,000 tons of granulated sugar in 95 beet-sugar plants in 17 States. The replacement value of the factories is between \$175,000,000 and \$300,000,000. The company pays out annually for supplies, to farmers for beets, and to laborers, about \$100,000,000. The acreage planted to beets is 880,000. Over 100,000 farmers, employing 85,000 laborers, are engaged in the beet-sugar industry. The factories employ about 35,000 men.

Rates suggested.—Sufficient to equalize the cost of producing imported raw sugar, plus freight and refining cost, with the average cost of manufacture of standard granulated sugar by the beet-sugar plants of the United States.

Remarks.—The beet-sugar industry is distinctly the creature of Government propaganda, especially that of Mr. James Wilson, Secretary of Agriculture. The product is manufactured in the inland parts of the country, where it is safe from invasion. It is a stabilizer of price. In 1920, when Cuban sugar rose to the preposterous price of 23 cents per pound, beet sugar sold at an average of less than 12 cents per pound. The rise in the price of Cuban sugar did not and could not take place until the supply of beet sugar was exhausted. The beet-sugar industry was the first great American industry voluntarily to submit its operation to the control of the food administration, for which patriotic action it received the commendation of Mr. Hoover. The witness denied injury to children from work in the beet fields.

Hearings: Pages 2264–2268.

Witness: Mr. W. D. Lippitt, general manager, representing the Great Western Sugar Co.

Size of industry.—Sugar beets are grown in 17 States. The sugar-beet territory may be roughly divided into three major groups: The Pacific coast area (18 factories), the Rocky Mountain area (55 factories), and the eastern area (33 factories). In 1921, 800,000 acres of sugar beets were grown, yielding 7,500,000 tons of beets—about 9½ tons to the acre. About 100,000 farmers, 85,000 field workers, and 35,000 mill operatives were engaged in growing and handling the crop. The crops are grown almost entirely by independent growers who, under contract with the factories, received \$50,000,000 for their beets. Approximately the same amount was paid for operating, supplies, labor, and railroad freights. From the fact that normally about 60 per cent of the cost covers payments to farmers for beets, it will be apparent that the industry is essentially agricultural.

Remarks.—Beet-sugar factories employ a staff of trained agriculturists who act in an advisory capacity to farmers. They also assist in combating pests. The factories, through their field department, attend to the distribution each year of from 50,000 to 75,000 field workers. Field labor shortage is practically unknown, as these laborers can work on other crops when not needed for the beets. A crop requiring cultivation is desirable for the soil. Corn, cotton, and potatoes are such crops. Beets serve the same purpose and flourish in regions where the other crops are not available. As the centers of population are in the East and the agricultural regions in the West, it is of importance that food should be transported in concentrated form. This end is attained by beet sugar. An acre of sugar beets produces 2,500 pounds of pure white sugar. The beet tops and the residual pulp and molasses are valuable for live stock. These mere by-products from an acre of sugar beets will produce about 300 pounds of meat in addition to the ton and a quarter of sugar. Hence, in addition to the 1,000,000 tons of sugar, the beet sugar industry should be credited with an annual contribution to the national food supply of 240,000,000 pounds of meat products.

Hearings: Pages 2269–2274.

Witness: Mr. C. H. Allen, Defiance, Ohio, representing the sugar industry on its agricultural side.

Remarks.—The witness showed that production of sugar was an agricultural rather than a manufacturing industry. The big question is how congressional action will affect the farmer, the soil, and the economic interests of the country as a whole. It may be granted that sugar can be raised more cheaply in the Tropics. The question is, therefore, why grow sugar when it can be bought cheaper? The answer is found in the fact that sugar production tends to national independence from other countries, that it increases the growth of other crops, and that it is in the interest of conservation of the soil. The era of cheap fertile land has passed; the area of farming land is not increasing in proportion to increase in population. This results in an increase in the value of land and a tendency to an increase in the price of food products. It has been proved that sugar-beet cultivation in proper rotation increases the growth of other crops. It is therefore an industry worthy of encouragement. Many crops deplete the soil, so that in many regions of the country lands formerly fertile need much replacement of mineral constituents to render them again fertile. There has been in recent years a vigorous movement for conservation. Of all the materials mentioned as demanding conservation none is so important as the mineral constituents of the soil essential to fertility. Sugar is elaborated from rain and air and sunshine—inexhaustible materials. Would it not be wise to raise domestic sugar, reaping fertility at home, rather than to ship out wheat, containing from 30 to 60 cents worth of raw material, and buy with it sugar which is only sunshine and rain and take not an ounce of fertilizing matter from the soil?

Hearings: Pages 2306–2307.

Witness: Mr. Royal D. Mead, Honolulu, Hawaii, presenting brief in behalf of the Hawaiian Sugar Planters' Association.

Rates suggested.—The existing rate (1.60 cents from 96° sugar from Cuba); as a permanent policy, the maintenance of such tariff on raw sugar as will equalize the marginal cost of production between the domestic industry as a whole and its principal foreign competitor, Cuba, such rate to be computed from cost schedules by the United States Tariff Commission.

Remarks.—Overproduction in Cuba is in violation of the spirit of the reciprocity agreement, which was in intent to give Cuba, in the matter of sugar, only a substantial preference over other foreign nations in order that she might supply all import requirements of this country. In so far as further production necessitates encroachment upon the domestic market and displacement of domestic sugars it is not warranted by any moral obligation toward Cuba. Cuba has officially claimed to be the cheapest sugar producing country in the world. Why, therefore, may she not seek the world markets for her surplus production, instead of dumping it on the American market at a loss, forcing a consequent loss to domestic sugar producers?

Hearings: Pages 2274–2276.

Witness: Mr. Raymond Pitcairn, Philadelphia, Pa., representing the Owosso Sugar Co., Owosso, Mich.

Size of industry.—Sugar plants of Michigan alone supply 250,000,000 pounds of sugar per annum and pay to Michigan farmers \$2,000,000 for beets.

Rates suggested.—Two cents per pound full duty; 1.60 cents Cuban duty.

Remarks.—Many beet-sugar plants are practically in the hands of their bankers and creditors; others are weakened and impoverished by heavy burdens of indebtedness piled up during the last two years following the war. Plants must now decide whether they will operate or shut down during the coming year. Unless adequate protection is assured they will shut down, the factory organizations will be disbanded, the plants will suffer deterioration, and farms will lose their beet crops. Anything short of the present emergency tariff as a fixed and continuing measure will leave the business open to constantly recurring periods of jeopardy. The beet-sugar industry in Michigan and the Middle West was established through the efforts of the United States Government. In response to earnest solicitation on behalf of the Government and because of promised aid in the form of a tariff, money was subscribed, the plants were built, and extensive sugar-beet farming in the Middle West cultivated. Will the Government desert the industry which it has been instrumental in building up?

Hearings: Pages 2276–2294.

Witness: Mr. George W. McCormick, Menominee, Mich., representing the Menominee River Sugar Co.

Costs and selling prices.—Granulated beet sugar is quoted at \$4.80 per 100 pounds to-day. If Cuban sugar is dumped on the domestic market as threatened, sugar will be sold for \$3.80 per 100 pounds. The average cost of producing beet sugar, as estimated by 16 of the largest factories, is \$5.09 per 100 pounds.

Size of industry.—About 43 companies are operating. Their condition is such that if they were called upon to settle up they could not do it. The number of factories has increased from 6 in 1897 to 106 in 1921. These are located in agricultural areas of 17 States, and are attracting laborers and farm hands. To-day, America has about \$190,000,000 invested in the beet-sugar industry, approximately 85,000 laborers in the beet fields and 35,000 engaged in the operation of the factories.

Comparability.—The deplorable condition of the beet-sugar industry has been brought about by the importation of sugar from foreign countries. Through the preferential treatment given to Cuba she has practically a monopoly of the American market. In September, 1919, the price of Cuban raw sugar f. o. b. New York was 5.88 cents per pound. In April following, that is to say, when domestic sugar was practically exhausted and Cuba saw no other competition, she raised the price until it reached 26½ cents per pound, and retailers were forced to pay 30 to 35 cents. As the Cuban and other foreign sugars were not governed by the rules and restrictions laid down for the American industry by the Equalization Board, they sold to American refiners at top high prices. In November, 1919, American standard granulated sugar was quoted, delivered in New York at 11½ cents per pound, when Brazilian raw sugars were sold in the same market at 14 and 16 cents per pound. In 1920, American beet sugar sold from \$2 to \$4 per 100 pounds below the actual cost of production, this being due to a demoralized market glutted with sugar from all parts of the world.

Remarks.—The sugar-beet industry of the United States finds itself to-day in the most critical condition of its history; it stands on the very verge of disaster. There was a staggering loss on the crop of sugar produced in 17 States in 1920–21 when the highest scale of wages was paid. Cuba is holding about 1,250,000 tons of sugar over from last year's crop, and it is reported that she threatens to throw this on the American market at 1 cent per pound. The quoted price on raw sugar, freight paid, delivered at New York, sold in the months of January and March, was 2 cents per pound. More than this, veiled threats are being made that unless propagandists get what they are asking for a revolution will follow and the United States will be obliged to intervene, with annexation as the inevitable result.

Hearings: Pages 2288–2289.

Witness: Mr. Frank C. Lowry, representing the United States Equalization Board.

In the course of Mr. George M. McCormick's testimony, Mr. Lowry obtained permission to make a statement, summarized as follows:

The equalization board went out of business January 1, 1920. The crops of Cuban sugar did not come in until after that time, when there was a shortage of sugar in the East. The beet-sugar people were called upon to furnish 100,000 tons to relieve the situation when sugar was selling at 9 cents per pound—a price fixed by the Government. The beet sugar brought into the eastern territory and sold at 10½ cents was based on the new crop. The cane-sugar price of 9 cents was based on the cost of production, and the price was arranged for the whole crop. After January, when the equalization board no longer controlled prices, they soared to the top. It was after the price of Cuban sugar went up that the Porto Rican and Hawaiian products went up the same way, from \$11.33 to \$22 per ton.

Hearings: Page 2251.

Witness: Hon. Isauro Gabaldon, Resident Commissioner from and representing the Philippines.

Comparability.—Philippine competition in the American market with Cuban sugar is made impossible because difference in freight rates and other items highly favor Cuban sugar.

Rates suggested.—The present emergency tariff act on sugar should be made permanent in order to protect the industry in the Philippines. If the Cuban interests succeed in reducing the rates, the Philippine product will be entirely driven from the American market. As the Philippines enjoy the American market on terms of equality with domestic producers, they are naturally concerned over legislation threatening their disposition of the sugar which they have produced at heavy and abnormal expense. They are under the further disadvantage, applying to all duty-free sugars, arising from the drawback regulations.

Hearings: Pages 2294–2297.

Witness: Mr. F. R. Hathaway, secretary and treasurer, representing the Michigan Sugar Co., Detroit, Mich.

Size of industry.—Duty-free sugar of the United States (continental and insular) amounts to 2,000,000 tons; Cuba produces about 4,000,000 tons. The combined output is 6,000,000 tons, of which amount only 4,000,000 tons can be consumed in the United States.

Rates suggested.—The company favors the rates proposed in H. R. 7456.

A high protective tariff can not work to the disadvantage of Cuba except in one particular—to keep her from monopolizing the domestic market. Cuba's protection against Dominican and South American sugar is greater under the proposed bill than it can be under a 1-cent tariff. All previous tariffs since 1890, except that of 1894, have been in a measure a protection to the domestic industry.

The minimum recorded price of American beets (1916-17) is \$6 per ton, corresponding to a rate of \$2.50 per 100 pounds of sugar, to which must be added the transportation cost, the acreage, and the cost of manufacturing. Cuban sugar can be laid down for \$2 per 100 pounds in the United States—a fact in itself sufficient to demonstrate the necessity for a protective tariff.

Hearings: Pages 2297-2302.

Witness: Mr. C. C. Hamlin, representing the United States Sugar Manufacturers' Association.

Comparability.—The industry is confronted with a tremendous overproduction of sugar in Cuba, which supplied, and must continue to supply, half of the American sugar demand. Cuba is producing in quantity to supply all United States requirements. There must be a contraction in production, so that supply and demand will be to some degree balanced; until that condition arrives there will be no stability in the sugar industry. If Cuba had marketed her sugar holdings in 1920 she would not be in such a deplorable condition to-day, when she threatens to eliminate the American industry.

Rates suggested.—The witness does not think that the propaganda for a 1-cent duty on Cuban sugar is fair. If an adequate tariff is enacted, Cuba will manufacture at a reasonable cost that will help settle this market and insure sugar to the consumer at a reasonable price. Increased United States consumption will take care of the increased supply. The sugar-beet industry is not destined to increase.

Remarks.—Since the development of the beet-sugar industry the United States has enjoyed the cheapest sugar in the world. The supply produced here has been the greatest stabilizer of prices of sugar in the home market, and the greatest calamity that could befall the American consumer would be to have the industry destroyed. In a letter submitted, Mr. Henry A. Rubino states that the Great Western Sugar Co. in 1919-20 produced 30 per cent of the entire amount of sugar of the United States. This company operates some 16 factories, located in Colorado, Montana, Wyoming, and Nebraska. Its growth and success were entirely due to the Payne-Aldrich and Underwood tariff acts.

Hearings: Pages 2303-2306.

Witness: Mr. A. E. Carlton, representing the Holly Sugar Corporation, Colorado Springs, Colo.

Size of industry.—The witness states that his company stands sixth in American production, producing 1,000,000 bags of beet sugar annually.

Rates suggested.—If the domestic industry is to be continued, not a temporary but a permanent tariff must be provided, capable of covering the readjustment period in Cuba. A duty of 2.4 cents per pound is required; this would result in a cost of 2 cents raw and a

refining charge of 1 cent in a price of 5.45 cents for refined sugar in New York. A freight rate of 50 cents per bag should be deducted from this for all companies west of the Missouri. Even with a duty of \$2.40 on Cuba, the net yield to domestic beet factories would be \$4.90. At anything under this, the price to the farmer would be practically nothing.

Remarks.—The beet-sugar farmers as well as the factories have had tremendous losses during 1920–21. The farmer is the most important element in the industry and he can be protected by the tariff. The beet-sugar factories would have been unable to function and treat the beets that they contracted for had it not been for the War Finance Corporation.

Hearings: Pages 2307–2315.

Witness: Mr. Joe B. Chaffe, representing the American Cane Growers' Association, with a membership of about 450.

Cost and selling prices.—Cost of production in one mill was \$5.33 per ton of sugar; the harvesting, etc., \$1; overhead expenses, \$1; making a total cost of production of \$7.33 per acre; (sic) against this an average of \$3.85 per ton will be received from the factory, showing a loss of \$3.48 per ton. This was the highest of one factory. Losses in other factories were, in one case a loss of \$1.99 per ton, in another 65 cents per ton, and in another 82 cents per ton. Tables on costs for 1920 are printed in full on pages 2314–2315. The cost of labor is \$1.25 per day without board.

Size of industry.—The witness represented the smallest unit but the oldest sugar producers in America, having been producers over a hundred years in Louisiana. They have 600,000 acres under cultivation, which, at a cost of \$125 per acre, would amount to \$75,000,000. They have 189 sugar factories, appraised in 1914 at \$33,000,000. Their railroad equipment is estimated at \$3,500,000, and they own 48,000 mules, valued at about \$7,200,000. These and other investments make a total of \$120,000,000 invested in the industry. They employ about 350,000 laborers and grow about 45 per cent of all cane crushed, 55 per cent of which is grown by independent farmers on their own lands.

Hearings: Pages 2315–2338.

Witness: Mr. John M. Rogers, representing the Louisiana Cane Growers' Association.

Size of industry.—There are 241 establishments operating Louisiana cane and American beet sugar and 18 refiners engaged in refining exclusively.

Comparability.—In 1920 the invested capital in the Louisiana cane-sugar industry was \$125,000,000; in beet sugar, \$600,000,000. The Hawaiian investment was about \$175,000,000, and the Porto Rican about \$150,000,000. The total investment of capital in the production of sugar in America and its insular possessions is at least \$1,050,000,000. The Cubans started with an investment of \$600,000,000, which has grown in a short time to a billion dollars; if their investment continues at this rate, the Cuban sugar production will exceed that of the rest of the world.

Rates suggested.—Analyses of sugar costs, from various sources, show that to equalize costs the following tariff rates must operate as against Cuba.

War Industries Board: Louisiana cost, 3.98 cents per pound; Cuban, 1.45 cents; the difference to equalize cost would be a tariff of 2.53 cents. Department of Commerce, Miscellaneous Series 53: Louisiana factory cost, 3.973 cents; Cuban cost, 1.445 cents; tariff required would be 2.528 cents. Tariff Commission, by Doctor Wright: Louisiana cost, 4.480 cents; Cuban, 1.70 cents—a difference of 2.78 cents; deducting 0.379 cents, to bring the Louisiana line of sugar to a raw basis, makes a difference of 2.401 cents. These authorities show that Louisiana needs a tariff of $2\frac{1}{2}$ cents, as against Cuba, to equalize costs. A tariff equalizing costs of production in America and Cuba means a continuation of the sugar industry in the United States and its insular possessions. With a general tariff of 2.50 cents, Cuba would have an advantage, under the 20 per cent differential, of 50 cents per hundred pounds. With a tariff of $3\frac{1}{2}$ cents, Cuba would be $2\frac{1}{2}$, an advantage of $62\frac{1}{2}$ cents (sic). A low tariff on Cuban sugar would completely destroy the continental producer. A tariff equalizing the cost of American production would not only be a protection to the American sugar industry but a direct protection to the consumer as well.

Remarks.—There are about 40,000 Chinese in Cuba, and Chinese are coming into Cuba at the rate of 8,000 annually, practically under contract to work in the sugar-cane industry. Tables on costs, production, etc., were submitted as exhibits.

In a later brief (pp. 2402–2408) the witness objected to the polariscopic test for molasses and sirups as not being a true-value test, taking no account of their food, feed, and manufacturing value. The brief enters at length into the adaptability of molasses as a basis for a balanced feed ration on account of its high carbohydrate content, its high digestibility, and, ordinarily, its cheapness. Reference is made to the report of a committee appointed in 1918 by Mr. Herbert Hoover, then food administrator, in which a true analysis of the various grades of sirups and molasses is given.

Hearings: Pages 2339–2343.

Witness: Mr. Robert E. Milling, representing the American Cane Growers' Association, New Orleans, La.

Rates suggested.—A tariff of 1 cent per pound is not sufficient; a rate of $2\frac{1}{2}$ cents is essential if the American industry is to survive. Cuba can raise sugar at $1\frac{1}{2}$ cents per pound because of her labor conditions; this is not possible in America.

Remarks.—The question of tariff rates lies between the Cuban producers and the American refiners on the one hand and the American producer on the other, the competition being unequal. From 1898 to 1913 the American sugar industry increased by 1,650 per cent. Since 1913 the increase has been only 4 or 5 per cent.

Hearings: Pages 2348–2354.

Witness: The American Farm Bureau Federation.

(Brief; no appearance at hearings.)

Size of industry.—The United States and insular possessions produce about 2,000,000 short tons of sugar annually, slightly less than one-half of the annual domestic consumption. Most of the remainder is imported from Cuba.

Comparability.—Under the terms of the reciprocity treaty of 1903, Cuba enjoys a reduction of 20 per cent from the regular duty paid by

other countries shipping to the United States. Large stocks of the 1920 sugar crop are still in the Cuban warehouses, having been held because of the low price in 1920-21 following heavy shipments to America by other countries. This surplus sugar now threatens to swamp the United States market and destroy American producers. Factors to be considered by Cuba in considering new markets for her sugar are the tariff duties assessed by importing nations, and ocean freight rates, both of which are higher than in the United States; even with the American duty trebled it would still be to Cuba's advantage to ship to the United States.

Rates suggested.—The federation favors the proposed rate of 1.6 cents per pound. The consumer in Washington pays 6 cents per pound for sugar, of which 1.6 cents is tariff duty, constituting a consumption tax of 26.6 per cent. This is paid willingly in most cases to protect the American producer, but a higher rate would be objected to. Both the American producer and the American consumer must be protected. A better policy would be to adopt President Harding's proposed elastic tariff, with the Fordney bill provision of 1.16 cents per pound on sugar testing not above 75° (amounting to 1.6 cents per pound on Cuban sugar of 96° polariscopic test) as a minimum duty. This would give the American producer a protection averaging six-tenths of 1 cent per pound over and above the protection received prior to the adoption of the emergency tariff in May, 1921. With the Fordney rate as a minimum and with a possible maximum authorized by Congress as an item of an elastic tariff, the President might, by proclamation, fix the higher rate if at any time it should become evident that American producers were losing ground to the detriment of the country.

Remarks.—With the exception of one big crop in 1920-21, the sugar-beet crop in the United States has not been materially increased since 1913-14. It is generally conceded that cane-sugar production in Louisiana has practically reached its maximum. Tables giving statistics on production, imports, and exports of sugar from 1911-12 to 1920-21 will be found on pages 2352-2354.

A later brief (pp. 2383-2397) states that the polariscopic test is not a true index of the sugar content of molasses; its use has resulted in most of the imported molasses being in the lowest of the three grades. Discussing the operation of H. R. 7456, the use of the Clerget method of sugar determination is laid down as essential. Considerable space is devoted to the numerous uses of molasses from the table down to stock feed and distillation.

Hearings: Pages 2343-2346.

Witness: Mr. Charles De B. Claiborne, representing southern and national banking interests.

Remarks.—In the course of a general statement dealing with southern conditions and sentiment the witness, a New Orleans banker, reviewed the sugar situation with particular reference to Cuban prices. He wished to have it clearly understood that a large majority (80 or 90 per cent) of southern bankers are in favor of high protection, for the coming year at any rate. A duty of 1.6 cents per pound on sugar is not enough to encourage bankers to make loans to the industry. If sugar is to live in Louisiana, the

duty must be such as will maintain that commodity at 4 cents per pound.

The idea that the American people are ordained to save the entire world is a type of national egotism. It is now necessary to save southern and western industries if financial institutions are to remain solvent.

Witness: The Chamber of Commerce of Honolulu. (Brief; no appearance at hearings.)

Rates suggested.—A powerful effort is being made to induce the United States Government to grant a reduction on the present tariff duty on Cuban sugars, in order to relieve the present financial distress of Cuba, without regard to the effect that such reduction would have upon the American industry. In spite of the present tariff protection, the producers of sugar in the United States are struggling to carry on their industry, with production cost in excess of the market value, due to overproduction. Domestic producers would undoubtedly be ruined if the desired reduction of the present tariff rate on Cuban sugars should be granted. The chamber of commerce petitions the United States to maintain the present tariff on foreign-produced sugar as a necessary protection to the home consumer, regarding a nucleus of home production as an essential protection of the American consumer against control of the foreign sugar trade.

Witness: The North Platte Water Users' Association. (Brief; no appearance at hearings.)

Rates suggested.—The association indorses the 2 cents per pound duty on sugar as proposed. The beet-sugar industry of Nebraska and 17 other beet-sugar producing States is facing a desperate emergency. It would be detrimental to that interest that any reduction in the tariff be made, or that any increase beyond the present 20 per cent preferential should be granted to Cuba.

Witness: Mr. R. D. Bowen. (Brief; no appearance at hearings.)

Rates suggested.—The witness is convinced that the tariff duty on sugar should not be less than $2\frac{1}{2}$ cents per pound. Men, women, and children work in the Louisiana cane fields from before daylight to long after nightfall, and sometimes into the night. They are doing this to furnish the American people with sugar, and he does not believe that the people of America would oppose the duty of $2\frac{1}{2}$ cents per pound if they knew what the cane and beet producers of this country are up against. A tax on sugar is the most evenly divided tax that can possibly be levied on American industries.

Hearings: Pages 2184-2208.

Witness: Mr. Henry A. Rubino, representing the Miranda Sugar Co., Oriente, Cuba.

Size of industry.—The witness, in his testimony and in a submitted brief, showed that over \$1,000,000,000 of American capital was invested in the sugar industry in Cuba, while the total amount of American capital invested in the domestic sugar industry—the beet-sugar industry in the United States and the cane-sugar industry in Porto Rico, in the Hawaiian Islands, and in the Philippine Islands—was only \$545,258,476. About 2,100,000 tons of sugar is produced in the United States and insular possessions annually. Of the 4,500,000 tons of sugar consumed in the United States, Cuba furnished

about 2,500,000 tons. Cuba is conceded to be the largest sugar-producing country in the world.

Rates suggested.—The company opposes a tariff increase on sugar. The Fordney emergency tariff increased the duty on raw sugar from 1 cent per pound to 2 cents per pound, and, with the differential of 20 per cent in favor of Cuban sugars, brought the duty to 1.16 cents a pound, or six-tenths of a cent a pound higher than before.

Remarks.—The argument of the witness was to the effect that American investments in Cuba deserved equal consideration with investments in the United States, that the duty of \$1.60 per 100 pounds levied upon Cuban sugar under the emergency tariff had been borne by the Cuban producer without benefit to the American consumer, and if continued under the Fordney bill would continue to be borne by the Cuban producer; and that this burden would "ruin our industry in Cuba and utterly destroy our American investment there." Details of American interests in Cuba are given in tables on pages 2198–2201.

Hearings: Pages 2210–2215.

Witness: Mr. Edwin P. Shattuck, representing the Cuban-American Sugar Co., the Francisco Sugar Co., the Tuinucu Sugar Co., and the Tacajo Sugar Co.

Size of industry.—American producers of sugar in Cuba represent more than 50 per cent of the production of the island. Cuba supplies the United States with about 50 per cent of its annual consumption. The capital investment of United States citizens in Cuba is estimated at over \$1,000,000,000, being more than the combined American investments in the sugar industry of the United States, the Philippines, Hawaii, and Porto Rico.

Rates suggested.—A differential of 1 cent per pound between Cuban sugars and those of the United States is sufficient; more is unwarranted.

Remarks.—The increased duty affects only Cuba, as imports from other countries are negligible. Cuba is under the protection of the United States and her sovereignty is restricted by treaty, thus placing upon the United States heavy moral, if not legal, obligations. Imports into Cuba from the United States amounted last year to over \$515,000,000. Of all countries, Cuba stands fourth in absorbing United States exports. To destroy or lessen the prosperity of the Cuban sugar industry will decrease United States exports of food and manufactured products to Cuba. The Cuban trade is of immense value to United States shipping interests. The action of Cuba in immediately following the United States in declaring war on Germany was of great importance. With her long coast line, she prevented the use of harbors by the German fleet; she also suppressed enemy propaganda in her own territory and in adjoining countries. She furnished sugar to the United States during the war at a low rate. The offer of the 1919–20 crop was not accepted, but it showed her desire and purpose. The failure to accept it and the fear of sugar scarcity drove the price of sugar to 23½ cents per pound in this country.

The increased duty under the emergency tariff was a severe blow to Cuba. It became operative in the last part of May, during the peak of the Cuban crop and during the stagnation of the sugar mar-

ket. The producer in Cuba was compelled to absorb the additional duty of 0.6 cent per pound. The day before the act was signed Cuban sugars were selling at 3.875 cents per pound and on the following day at 3.275. The act depreciated the value of sugar in Cuba \$35,000,000.

For a few years after the passage of the reciprocity act in 1903 Cuban producers received the benefit of the 20 per cent concession, but after a few years this benefit was transferred to consumers in the United States. On the other hand, producers in the United States who export to Cuba have received continuously the free benefit of the concession of 20 per cent upon imports into Cuba. If Cuba is to be denied the reciprocal advantages which she supposed she would receive under the reciprocity treaty, she will be compelled to modify her own tariff schedule and increase her duties against American goods in order to be in a position to buy cheaper elsewhere.

Hearings: Pages 2241-2250.

Witness: Mr. F. L. Craycraft, representing the Pressed Steel Co. of Cuba.

Rates suggested.—A full-duty rate of 1.256 cents per pound, a Cuban rate of 1.0048 cents per pound or, if a higher full-duty rate be established, a sufficient preferential to make the Cuban rate 1.0048 cents per pound.

Remarks.—The witness, in addition to testimony, submitted a brief. His chief emphasis was placed on the value of Cuba as a market for American goods and the injury to the American producer which would result from injury to Cuba and its ability to purchase—conditions already resulting from the duty imposed in the emergency tariff and likely to result from the Fordney bill should the latter become a law. Imports from the United States in 1920 were valued at \$515,000,000 and exports to the United States at \$720,000,000. The witness submitted elaborate tables showing article by article for the years 1919 and 1920 the total exports of the United States and the exports to Cuba. In the case of many products Cuba stood first among all nations as a consumer of American products. He raised the question whether a country which had proved itself such a valuable customer should have its chief industry—the one upon which it relies to pay for its imports—killed by the proposed tariff. He further pointed out that the concessions made by Cuba in favor of United States imports ranged from 20 to 40 per cent, while the concession received by the island on sugar was only 20 per cent. Finally, because of Cuba's peculiar relation to the United States, she deserves special consideration.

Witness: Mr. E. A. S. Clarke. (Brief; no appearance at hearings.)

Rates suggested.—The witness urges that the duty of 2 cents per pound on sugar now in force under the emergency tariff be reduced to a permanent tariff of 1 cent per pound for Cuba. Under present conditions of small demand and large crop the Cuban producer has had practically to assume the increase in duty, with the result that his selling price, far from showing him a profit, shows in substantially all cases an actual loss. If the prosperity of Cuba is to be shut off by the high tariff, American producers will be unable to do business and a large profitable and permanent market. This is on the general economic prosperity of the country from an unduly high tariff.

Remarks.—Any action which reduces the profit of the Cuban sugar producer is a blow to the American capital which has been invested in such large quantities in sugar production in Cuba. Cuba expanded and increased her sugar-producing capacity during the war at the instance of the United States, and her ability to market her crop should not be curtailed in an unfriendly way by a Government which owes a peculiar duty to Cuba and is bound not to discriminate economically against her.

Witness: Mr. William W. Matos. (Brief; no appearance at hearings.)

Rates suggested.—A 2-cent tariff on Cuban sugar will be ruinous and will seriously injure American capital invested in the island. As the rate of exchange between the two countries is equal, Cuba offers the best foreign market to-day for all American goods. A tariff increase on sugar would largely destroy this. A 2-cent tariff will quickly curtail sugar production, will reduce Cuba's capacity to buy and pay, and will open the way for foreign merchants to do big business in Cuba, securing much of the American business.

Remarks.—In 1920 the value of American products sent to Cuba exceeded \$500,000,000, more than the total of all products sent by the United States into Spanish America. During the World War Cuba sold sugar to the American Government with very small profits, while paying American sellers the full prices charged for manufactured goods and food products.

Witness: Mr. Samuel M. Vauclain, representing the Baldwin Locomotive Works. (Brief; no appearance at hearings.)

Rates suggested.—The company objects to the 2-cent tariff proposed on Cuban sugar. They have a total of approximately \$3,000,000 credits among Cuban railways and plantations, and if the United States be curtailed as an outlet for sugar by a high tariff, the company's interests would suffer heavily; many of the Cuban plantations whose notes the company holds would be forced into bankruptcy.

Witness: E. Atkins & Co. (Brief; supplementing appearance at hearings.)

Rates suggested.—The company does not favor an increase in the tariff on Cuban sugar. The emergency act of May, 1921, advanced the tariff on it by 60 per cent, making the present tariff on sugar much higher than it had been for many years. The domestic sugar industry is firmly established and, in conjunction with Cuba, assures an annual supply of sugar greater than the consumption. The tariff tax cannot be defended as a revenue measure, because its annual cost to the consumer will be over \$150,000,000, of which approximately only one-half will find its way into the United States treasury. An excise tax of one-half cent per pound assessed on all sugars consumed, in addition to the old tariff, would produce about \$45,000,000. This would give ample protection to the domestic industry and would yield the Government approximately \$90,000,000, which is more than will be secured through the proposed tariff bill, while its cost to the consumer would be less. A message to the Cuban Congress asks that a tariff duty of 30 per cent be placed on articles proceeding from countries raising the duties on Cuban sugar and tobacco.

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For a few years after the passage of the reciprocity act in 1903 Cuban producers received the benefit of the 20 per cent concession, but after a few years this benefit was transferred to consumers in the United States. On the other hand, producers in the United States who export to Cuba have received continuously the free benefit of the concession of 20 per cent upon imports into Cuba. If Cuba is to be denied the reciprocal advantages which she supposed she would receive under the reciprocity treaty, she will be compelled to modify her own tariff schedule and increase her duties against American goods in order to be in a position to buy cheaper elsewhere.

Hearings: Pages 2241-2250.

Witness: Mr. F. L. Craycraft, representing the Pressed Steel Co. of Cuba.

Rates suggested.—A full-duty rate of 1.256 cents per pound, a Cuban rate of 1.0048 cents per pound or, if a higher full-duty rate be established, a sufficient preferential to make the Cuban rate 1.0048 cents per pound.

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Remarks.—Any action which reduces the profit of the Cuban sugar producer is a blow to the American capital which has been invested in such large quantities in sugar production in Cuba. Cuba expanded and increased her sugar-producing capacity during the war at the instance of the United States, and her ability to market her crop should not be curtailed in an unfriendly way by a Government which owes a peculiar duty to Cuba and is bound not to discriminate economically against her.

Witness: Mr. William W. Matos. (Brief; no appearance at hearings.)

Rates suggested.—A 2-cent tariff on Cuban sugar will be ruinous and will seriously injure American capital invested in the island. As the rate of exchange between the two countries is equal, Cuba offers the best foreign market to-day for all American goods. A tariff increase on sugar would largely destroy this. A 2-cent tariff will quickly curtail sugar production, will reduce Cuba's capacity to buy and pay, and will open the way for foreign merchants to do big business in Cuba, securing much of the American business.

Remarks.—In 1920 the value of American products sent to Cuba exceeded \$500,000,000, more than the total of all products sent by the United States into Spanish America. During the World War Cuba sold sugar to the American Government with very small profits, while paying American sellers the full prices charged for manufactured goods and food products.

Witness: Mr. Samuel M. Vauclain, representing the Baldwin Locomotive Works. (Brief; no appearance at hearings.)

Rates suggested.—The company objects to the 2-cent tariff proposed on Cuban sugar. They have a total of approximately \$3,000,000 credits among Cuban railways and plantations, and if the United States be curtailed as an outlet for sugar by a high tariff, the company's interests would suffer heavily; many of the Cuban plantations whose notes the company holds would be forced into bankruptcy.

Witness: E. Atkins & Co. (Brief; supplementing appearance at hearings.)

Rates suggested.—The company does not favor an increase in the tariff on Cuban sugar. The emergency act of May, 1921, advanced the tariff on it by 60 per cent, making the present tariff on sugar much higher than it had been for many years. The domestic sugar industry is firmly established and, in conjunction with Cuba, assures an annual supply of sugar greater than the consumption. The tariff tax cannot be defended as a revenue measure, because its annual cost to the consumer will be over \$150,000,000, of which approximately only one-half will find its way into the United States treasury. An excise tax of one-half cent per pound assessed on all sugars consumed, in addition to the old tariff, would produce about \$45,000,000. This would give ample protection to the domestic industry and would yield the Government approximately \$90,000,000, which is more than will be secured through the proposed tariff bill, while its cost to the consumer would be less. A message to the Cuban Congress asks that a tariff duty of 30 per cent be placed on articles proceeding from countries raising the duties on Cuban sugar and tobacco.

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Hearings: Pages 2241-2250.

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Rates suggested.—A 2-cent tariff on Cuban sugar will be ruinous and will seriously injure American capital invested in the island. As the rate of exchange between the two countries is equal, Cuba offers the best foreign market to-day for all American goods. A tariff increase on sugar would largely destroy this. A 2-cent tariff will quickly curtail sugar production, will reduce Cuba's capacity to buy and pay, and will open the way for foreign merchants to do big business in Cuba, securing much of the American business.

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PARAGRAPHS 501 AND 502.—SUGAR.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING LOWER DUTIES:

Mr. Edwin F. Atkins, representing E. Atkins Co., New York City.

Arbuckle Bros., New York C. ty. (Brief.)

Mr. H. S. Rubens, representing the American committee on Cuban emergency, New York City.

The Hershey Chocolate Co., Hershey, Pa. (Brief.)

Hearings: Pages 2173-2184.

Witness: Mr. Edwin F. Atkins, representing E. Atkins & Co., Boston and New York.

Remarks.—The witness holds that rates under H. R. 7456 are higher than rates under preceding acts for 30 years; that they would check importations and reduce revenue. Pointing out that Cuba was in financial straits, he rehearsed the relations between the United States and Cuba, leading to the reciprocity treaty, and claimed that these relations placed upon the United States an obligation to aid Cuba. He feared that the disastrous situation in Cuba might lead to political disturbance calling for intervention. The proposed rates would tend to make the situation worse. Cuba was a large purchaser of American commodities, ranking in fact as fourth among all, the value of such imports exceeding \$500,000,000. The Fordney bill would reduce the buying power of Cuba, with the inevitable loss of trade to American concerns.

If the Fordney bill is enacted, domestic manufacturers or refiners coming within the scope of paragraph 502 would be able to import full-duty-paying sugars at 25 per cent less than the full tariff rates; these sugars could be imported by the beet-sugar factories or by Louisiana refiners at a duty of 1.50 cents per pound, while Cuba would pay 1.60 cents. The object of the treaty with Cuba was to give the island a preference of 20 per cent over all like imports from other countries. Any tariff act that prevents the complete carrying out of treaty obligations with Cuba would manifestly be a breach of international faith, which it is not believed the Government of the United States intends to commit.

Hearings: Pages 2208-2210.

Witness: Arbuckle Bros., New York City.

(Brief submitted by Mr. M. E. Goetzinger.)

Rates suggested.—Same as before the passage of the emergency tariff; ultimately to come on the free list.

Remarks.—The witness represents refiners pure and simple, having no interest in sugar production. The refiners are dependent upon Cuban sugar, being unable to use domestic raw beet sugar because none is made in this country for sale. They can not often use Louisiana cane sugar, because little comes north. They do use some sugars from Porto Rico, Hawaii, and the Philippines, but these are insufficient to satisfy the eastern demand. The use of Cuban raw sugar is consequently not a matter of choice but of necessity. If the cost of the raw material were to be legislated out of line with the law of supply and demand, there would result a depression in the refining industry involving unemployment, idle capital, diminished supplies,

and increased cost to consumers. The unemployment would affect some six or eight thousand employees in New York alone, to say nothing of employees in other refining centers—Boston, Philadelphia, Baltimore, and Savannah.

To raise the duty will not do away with the surplus now existing in Cuba. So long as that surplus remains it will depress the sugar market. The faster it is consumed the more quickly will the crisis be passed and a return to normal conditions brought about.

Freight charges establish natural zones for the product of the beet sugar manufacturers on the one hand and the eastern refiners on the other, with a neutral zone between. When an increase in the duty makes it possible for the domestic industry to penetrate the eastern cane sugar zone the eastern consumer who pays a large part of the tariff bill has just cause to hold up a warning finger and ask to be heard from.

Speaking of paragraph 502, the witness pointed to "a new and truly startling innovation in the present bill (H. R. 7456) in its proposed discrimination against the eastern refiners by giving to beet factories and to refiners of domestic cane a substantial reduction in the duty on all foreign sugars which they may choose to use in their establishments. A more brazen and un-American proposal scarcely can be conceived, nor can we believe that it will receive serious consideration."

Hearings: Pages 2215-2240.

Witness: Mr. Horatio S. Rubens, representing the American committee on Cuban emergency, New York City.

Costs and selling prices.—Cuban sugar is now (December, 1921) being quoted for January delivery in New York at 2 cents per pound. This is not a reflex of the cost of production. There has not been a sale of Cuban sugar on the New York market since the beginning of the year that has not been below the cost of production.

Size of industry.—The witness called attention to large American investments in the Cuban sugar industry which, he claimed, should have equal consideration with American investments in the beet sugar industry, especially in view of the peculiar relation of wardship in which Cuba stands to the United States. He pointed out that the refining interest, having an investment of between \$400,000,000 and \$500,000,000 as compared with \$175,000,000 in the beet sugar interest, and employing tens of thousands of American laborers, was dependent upon Cuba for its raw material and that this at least was an American industry employing American capital.

Rates suggested.—One cent per pound.

Remarks.—In reply to the charge that Cuban labor was receiving only 65 cents per day, the witness stated that labor in Porto Rico was receiving only 50 to 60 cents. The truth was that there was no work at that season and, rather than permit people to starve, labor was "invented." The 65 cents per day did not represent the wage rate through the year. The witness also called attention to the employment of child labor in the beet fields. The children so employed are not American citizens; they are Japanese, Mexicans, and Russians of a type who will not become citizens or, if they do, will become

parents of children that for lack of education will be a menace to the community. He was fearful of the rate proposed in the Fordney bill, not so much with reference to the emergency brought about by present conditions, but because it might become permanent and prevent Cuba from ever coming back to prosperity. He pointed out the great value of a prosperous Cuba to the United States as a market for its goods, both manufactures and farm products.

On paragraph 502 the question raised the provision under which 25 per cent reduction should be allowed to certain American producers of sugar if they imported a certain quantity of sugar, this to be twice as much as they produced or refined from American production. The situation now is that the full-duty-paid sugar is sold on the basis of Cuban sugar, so that the full duty-paid sugar must absorb the difference between the Cuban rates and the full rate. The refiner buys the sugar at a lower price and then adds the full duty, or 2 cents, to it, and that sum total is not more than the Cuban sugar with \$1.60 added to it. As the refiners get a drawback, the refiner will buy only the full-duty sugar. He will not buy the Cuban sugar, because he will get 2 cents a pound drawback for what he pays $1\frac{1}{2}$ cents for. In the other case he will get only \$1.60 for what he paid \$1.20 for.

In a brief dated August 5, 1921, the witness contributes observations summarized below:

When the United States entered the World War Cuba was asked officially whether she would sell that year's entire sugar crop to the United States. She voluntarily agreed to the plan, ignoring the law of supply and demand, which would have enriched her beyond her dreams, and accepted the price fixed by the United States, 4.6 cents per pound. In the following year the United States again purchased the entire Cuban crop at the fixed price of 5.5 cents per pound. These sugars were handled by the Sugar Equalization Board, which resold them at a profit of over \$30,000,000 at the expense of the Cuban producer and to the advantage of the United States Treasury. During this period everything was done to induce Cuba to increase to the uttermost her production of sugar, deemed so important an aid to winning the war. So far from Cuba being responsible for the rise in the price of sugar in 1920, she offered her sugar to the United States at a very reasonable price, but the Government refused it. Now, when sugar is low because of her great production, the United States proposes to penalize her by an increase of duty. Sugar is Cuba's principal staple, upon which her economic future depends. The island has in the past 20 years been a most valuable customer of American interests, but she can neither pay her debts, nor purchase as in the past, if her sugar crop is rendered unprofitable or heavily curtailed. A falling off of revenue will seriously cripple the Cuban Government at the risk of governmental bankruptcy. If the United States were to annex Cuba, because of distress brought about through American tariff action, the result would be free entry of sugar into the United States, and the condition of American producers who so thoughtlessly demanded this increase of 2 cents per pound duty

would be the reverse of what they are seeking. If Cuba should be reduced to a state of control or ownership by the United States, the rest of the Latin-American world might consider the proposed tariff as a means to an end—the end of the independent Republic of Cuba.

Witness: The Hershey Chocolate Co. (Brief; no appearance at hearings.)

Rates suggested.—The company opposes the 2 cents per pound tariff on sugar as proposed, and is opposed to anything above 1.256 cents per pound for Cuba. The company is a producer of sugar in Cuba for its own manufacturing operations in the United States, and, as such, is opposed to the principle embodied in the provision of paragraph 502, permitting the importation of sugar, for certain purposes specified, at three-fourths the rate of duty. Unless a similar provision for reduction of duty is made applicable to manufacturing consumers of sugar in the United States, producing sugar for their own use in Cuba or elsewhere, the provision is inequitable. Such persons, including the company itself, would have to sell their sugar abroad, and repurchase it in the United States from some other manufacturer of sugar privileged to avail himself of the benefit of the proposed new paragraph.

PARAGRAPH 502.—SUGAR.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

The United States Sugar Manufacturers' Association, New York City.

(Brief.)

The Porto Rican sugar producers. (Brief.)

Mr. Frank J. Dillingham, representing the South Porto Rican Sugar Co.

Hearings: Pages 2302–2303.

Witness: Brief submitted by Mr. Henry T. Oxnard for the United States Sugar Manufacturers' Association.

Rates suggested.—Referring to H. R. 7456, which provides for the importation of double the amount of domestic manufactured sugar at three-fourths of the regular rate on other sugars, the witness states that such a provision would be class legislation and would also be abortive so far as any permanent good to any portion of the domestic sugar industry is concerned. Owing to the geographical location and prohibitive freight rates, there would be no possibility of the great bulk of the domestic producers, especially of beet sugar, availing themselves of any of the benefits of this provision. With few exceptions, none of the American beet sugar factories are near enough to the coast or the Great Lakes to be able to import and refine foreign sugar. The effect of the adoption of paragraph 502 would be detrimental to both the domestic beet and cane sugar industries. The domestic beet-sugar industry is practically opposed to the incorporation of this paragraph in the proposed tariff bill.

Hearings: Pages 2251–2255.

Witness: The Porto Rican sugar producers. (Brief.)

Size of industry.—The crop of the 1920–21 campaign is estimated at practically 10 per cent less than that of 1919–20. Since the

American occupation the crop has grown from 54,000 to 485,000 tons, representing approximately 80 per cent of the value of the output of the soil. Reports show that field labor has received as high as \$2.75, and practically none of the field hands were paid less than \$1.50 per day.

Rates suggested.—An effective tariff of 2 cents per pound is suggested as necessary to equalize the high cost of production, increased freight rates, and the differential which the refiners have established against Porto Rican sugar in favor of Cuba through existing regulations governing the drawback on sugar.

The Porto Rican sugar industry opposes paragraph 502. Aside from the questionable legality of such a provision, it is so unfair to domestic producers, living beyond the limits of continental United States, that it is difficult to understand the policy that prompts it. It would further aggravate the intolerable condition in which Porto Rican sugars find themselves by broadening the market for foreign dutiable sugars at the expense of the domestic product, as the greatest profit would accrue in working up those dutiable sugars for export so as to receive 90 per cent of the duty as drawback.

Remarks.—Porto Rico suffers from the unjust freight discrimination laid down in Chicago; that is, she is compelled to pay practically 100 per cent more on her product to seaboard refining points than is charged the competitive foreign Cuban sugars for an identical service. Since the war, there have been numerous readjustments of these sugar rates from all West India ports, but instead of a parity being maintained between Porto Rico and Cuba, the Cubans have secured a rate almost 50 per cent cheaper than that allowed Porto Rico. The rate from the domestic island to-day on full and broken cargoes is 27 cents a hundred pounds, while from northside Cuban ports it is only 14½ cents. Efforts to equalize this condition have been in vain.

Some of the Porto Rican fields have been in continuous use for more than 400 years, and her depleted soil calls for continuous and costly applications of commercial fertilizers.

Hearings: Pages 2255-2256.

Witness: Mr. Frank J. Dillingham, president, representing the South Porto Rican Sugar Co., New York City.

Costs and selling prices.—Figures of 16 factories, producing about 50 per cent of the output of sugar in Porto Rico, show that production costs varied in 1920 from 4½ to 5½ cents per pound, an average of 5.03 cents. The estimated costs for 1921 are from 3.5 to 4.6 cents per pound, an average f. o. b. in Porto Rico of 3.89 cents.

Size of industry.—The production of sugar in Porto Rico has increased from 371,000 tons in 1912 to 489,000 tons in 1921.

Rates suggested.—A tariff rate of 2 cents per pound is necessary to equalize costs between Cuba and Porto Rico.

Remarks.—The lack of virgin land in Porto Rico is the greatest factor in making the cost of sugar production so high; fertilizing and cultivating is quite an expense, as is also the need of replanting on an average of every two years. The witness submitted tables showing the cost of production in several sections in 1920-21, and estimated cost for 1921-22.

PARAGRAPH 503.—MOLASSES.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING LOWER DUTIES:

- Mr. George A. Chapman, representing the American Feed Manufacturers' Association and others.
 Mr. George H. Forsee, representing hay dealers, Kansas City, Mo., and Missouri River feed manufacturers.
 Mr. Floyd M. Wilson, representing Denver Alfalfa Milling & Products Co., Lamar, Colo.
 Mr. Frank C. Jones, secretary, representing the Eastern Federation Feed Merchants, Bullville, N. Y.
 Mr. J. B. Edgar (including statement in writing), representing Edgar Morgan Co., Memphis, Tenn.
 Mr. L. H. Robertson, cattle feeder and farmer, Abingdon, Ill.
 Mr. E. Wilkinson, representing the American Cotton Growers' Association, Birmingham, Ala. (Brief.)
 Mr. B. T. Manard, representing Penick & Ford (Ltd.), New Orleans, La. (Brief.)
 Mr. Dwight E. Hamlin, representing the Dwight Hamlin Co., Pittsburgh, Pa. (Brief.)
 Mr. A. F. Seay, St. Louis, Mo., representing St. Louis (Mo.) and East St. Louis (Ill.) feed manufacturers.
 The American Sugar Refining Co. (Brief.)
 The Publicken Commercial Alcohol Co. (Brief.)
 The Ralston Purina Co. (Brief.)
 The Colorado Alfalfa Milling Co. (Brief.)
 Hon. Lawrence C. Phipps, Colorado. (Brief.)
 E. R. Smead & Co. (Brief.)
 Dwight Hamlin (Inc.). (Brief.)

Hearings: Pages 2354-2373.

Witness: Mr. George A. Chapman; representing the American Feed Manufacturers' Association and others.

Costs and selling prices.—Blackstrap costs 1 cent per gallon in Cuba, but the price to the American consumer varies according to the freight rates; 4½ gallons of blackstrap is obtained from 1 ton of cane sugar. Cane is worth \$3.85 per ton. Black strap was sold in 1921 at 2½ cents per gallon.

Size of industry.—The United States produces about 8 per cent molasses; the other 92 per cent is imported. The feed manufacturing industry has been built up within the past 15 years with a capital now of \$200,000,000 at least, and an annual output of 3,000,000 tons of ready rations. It employs thousands of persons.

Rates suggested.—In the interest of manufacturing business and of American farmers blackstrap molasses should be permitted free entry. If free entry can not be given, the rate of duty on blackstrap molasses should not be in excess of one-fourth cent per gallon, flat. Paragraph 503 now specifies one-fourth cent per gallon based on 48 per cent total sugars, and an additional two hundred and seventy-five one-thousandths of 1 cent for each per cent of total sugars over 48. The tariff has never before been based on total sugar content; it has been based on a polariscope test of 40°. The association suggests an amendment to this paragraph, which will be found on page 2373. The Fordney bill would assess a duty on the average blackstrap molasses of 1¼ cents per gallon or over. Basing it on the average of 54 per cent total sugars and slightly more than one-fourth cent of each 1 per cent total sugars over 48 per cent, there would be 6 additional quarter cents.

Remarks.—The “balanced ration” for live stock is manufactured from various commodities, of which blackstrap molasses is the basic material. The feed manufacturers make a ration to balance the home-raised feeds, and the balanced rations carry 20 to 60 per cent molasses. While it formerly required about a year to fatten or finish cattle for the market, they can now be fattened in 75 to 120 days by using molasses as a supplemental feed. Some molasses runs as high as 60 per cent sugar. The association submitted a statement, with tables, in regard to changing the basis for assessing duty on blackstrap molasses as proposed in H. R. 7456.

Hearings: Pages 2373–2378.

Witness: Mr. George H. Forsee, representing hay dealers, Kansas City, Mo., and Missouri River feed manufacturers.

Rates suggested.—The interests represented look with alarm upon a tariff which will further handicap their operations; they do not wish an ad valorem rate, and would be satisfied with the tariff of about one-fourth cent per pound, which previous bills approximately represent.

Remarks.—The biggest customers for molasses feed are the largest users of corn. Corn has a digestible value of about 79 per cent; blackstrap molasses, about 90 per cent. Molasses used as a concentrate has proved both profitable and cheap, animals fed on cane molasses fattening in 75 to 100 days. The concentrated feed is a product that has been sold to the farmer for some time to meet a long-felt want; under the proposed sliding scale that will amount to a duty of from one-fourth cent up to 2.75 cents, the tariff will make it almost impossible to merchandise the material. Beet molasses feed is not good for cattle-fattening purposes, as it has a very laxative quality. Large quantities of beet molasses are used in the making of vinegar and yeast. Large importations of cane blackstrap will not affect the value or the quantity of beet molasses used.

Hearings: Pages 2378–2379.

Witness: Mr. Floyd M. Wilson, representing alfalfa milling industry of Colorado, Wyoming, New Mexico, and Kansas.

Remarks.—The use of alfalfa meal is dependent almost wholly upon the use of blackstrap molasses. If the molasses industry is affected, and if the tariff is such as to prohibit the importation of blackstrap for feeding purposes, the big alfalfa milling industry in the West will have to go out of business.

Hearings: Pages 2380–2382.

Witness: Mr. Frank C. Jones, secretary, representing the Eastern Federation of Feed Merchants, Bullville, N. Y.

Size of industry.—There are more than 6,000 feed dealers in nine States; of these 4,000 handle molasses and molasses feed. These dealers require approximately 22,000,000 gallons of molasses in feed and in liquid molasses. The average blackstrap contains from 54 to 55 per cent of total sugars. Under the proposed schedule this would pay 1½ cents per gallon duty, which, applied to the 22,000,000 gallons, would amount to a trifle over \$330,000. This amount may seem small, but it is to be placed on dairy farmers, engaged in an industry which is unable to stand this burden.

Rates suggested.—The interests represented, especially the dairy industry, object to a duty on blackstrap molasses.

Remarks.—In answer to a questionnaire sent to feed merchants, the Federation found that 200 firms handle a total of 14,839 tons of molasses feed and 358,300 gallons of raw molasses. It is fair to assume that the 4,000 feed dealers sold 296,780 tons of molasses feed and 7,166,000 gallons of molasses. The average amount of molasses used in molasses feeds is 30 per cent of the weight, or 50 gallons per ton of feed.

Hearings: Page 2382.

Witness: Mr. J. B. Edgar (including statement in writing), representing Edgar Morgan Co., Memphis, Tenn.

Size of industry.—There are 12 mixed-feed mills in Memphis, representing an investment of \$6,000,000, employing more than 1,000 people, and with a capacity of some 3,500 tons of feed daily.

Rates suggested.—Feed manufacturers of Memphis ask that blackstrap molasses be placed on the free list, in order that the feed industry and the live-stock feeders may be protected on their basic raw material. The mixed-feed industry has developed under a tariff of approximately one-fourth cent per gallon. If that duty is retained it should be made a specific duty, as buyers of blackstrap can not afford to import it if the duty is based on a sliding scale yielding from 1 to 3 cents per gallon, depending on sugar content.

Remarks.—The American producer of blackstrap molasses is already protected by the high cost of transportation in Cuba, the ocean freight, and handling charges, aggregating several times the value of blackstrap in Cuba. Blackstrap is not bought by feeders or manufacturers on the basis of sugar content.

Hearings: Pages 2397–2398.

Witness: Mr. L. H. Robertson, representing cattle feeders and farmers, Abingdon, Ill.

Rates suggested.—The interests represented desire that Cuban blackstrap molasses be placed on the free list.

Remarks.—To-day, by using feeds containing blackstrap molasses, steers can be fattened into very good beef in 70 to 120 days, where formerly it took six months to one year. Blackstrap molasses is invaluable in feeding cattle for fattening purposes.

Hearings: Pages 2398–2401.

Witness: Mr. E. Wilkinson, representing the American Cotton Growers' Association, Birmingham, Ala. (Brief.)

Costs and selling prices.—A high-grade molasses mixed feed manufactured under the present duty sells in Birmingham for \$30 per ton.

Rates suggested.—The duty on blackstrap molasses for animal food to be not more than one-fourth of 1 cent per gallon. A sliding scale, rendering uncertain the delivered price, is not desirable. A duty above one-fourth cent per gallon would render less valuable to States in the Southeast all State and Federal aid to good-roads construction. The necessity of good roads in Alabama is manifest, and their construction will grant material relief to cotton growers and their families.

Remarks.—The members of the association are buyers, not producers, of feedstuffs, and desire to call attention to the increased costs of those feeds and the effects it will have upon the cotton-

growing industry.' Any increase in the cost of existence of cotton growers will mean greater disaster and increased suffering for many thousands of families. Molasses mixed feeds are the cheapest source of supply under present conditions, and have been for years past. High freight rates and transportation costs prevent imported molasses from seriously injuring the beet product in the northern and western markets, and the same influence prevents the beet product from being a large factor on the eastern seaboard and in the Southern States. It costs, in rail charges, $2\frac{1}{2}$ cents per gallon to move imported blackstrap from Mobile to Birmingham, a distance of 240 miles.

Hearings: Page 2402.

Witness: Mr. B. T. Manard, representing Penick & Ford, New Orleans, La. (Brief.)

Rates suggested.—The addition to paragraph 503 of the words "Molasses testing not above 40 per cent sucrose, one-fourth of 1 cent per gallon," would permit the entry of only that grade of molasses known as "blackstrap" at the specific rate of one-fourth cent per gallon.

Remarks.—Blackstrap is handled by dealers in large volumes and a close margin which requires terms of draft attached to bill of lading. To enable feed manufacturers to conduct their business efficiently, blackstrap dealers contract ahead for Cuban molasses and supply their customers as their requirements demand. In the spring of 1920 the sinking of two molasses tank ships caused serious interruption to the industry. Buyers' contracts at that time called for imported blackstrap at 8 cents per gallon and feed manufacturers had orders for feed which had to be filled. As a result, domestic producers secured as high as 22 cents per gallon for the blackstrap.

Hearings: Page 2408.

Witness: Mr. Dwight Hamlin, representing the Dwight Hamlin Co., Pittsburgh, Pa. (Brief.)

Rates suggested.—The company would have the basis changed, so that all blackstrap molasses can come in at the basic rate of not to exceed one-fourth cent per gallon.

A tariff of one-fourth cent per gallon on 48 per cent total sugars, and an additional two hundred and seventy-five one-thousandths of 1 cent for each additional 1 per cent sugars on blackstrap molasses, would put the feed business out of business. On 60 per cent sugars, a rate as high as $3\frac{1}{4}$ cents per gallon would be required.

Hearings: Pages 2409–2410.

Witness: Mr. A. F. Seay, representing St. Louis (Mo.) and East St. Louis (Ill.) feed manufacturers.

Size of industry.—The witness stated that his own company alone employs some 200 traveling representatives and gives employment to hundreds of others in its mills and offices. When the molasses-feed manufacturers are considered as a whole, their total business runs into a tremendous volume. This is an industry worth protecting, because it renders an economic service to the country at large.

Rates suggested.—The company objects to the basis of the Fordney tariff bill, which calls for a maximum of 48 per cent total sugars

and a penalty for every 1 per cent over this amount. Imported blackstrap molasses varies considerably in total sugar content, most cargoes running from 50 per cent to over 60 per cent, yet in the manufacture of molasses feed it is not possible to get more for that testing 60 per cent total sugar than that testing 50 per cent.

Remarks.—By combining certain feed materials and blackstrap molasses, fed in conjunction with all home-grown grains, farmers are enabled to produce meat and dairy products in a shorter period of time and at a lower cost per pound and at the same time get more out of their home-grown grain than would be the case if they fed them without the molasses-feed mixture. Blackstrap molasses is the basic raw material for the feed manufacturing industry.

Witness: The American Sugar Refining Co. (Brief; no appearance at hearings.)

Rates suggested.—The company desires that reasonable tariff rates on molasses be based upon polariscopic tests, rather than total sugars. The bill H. R. 7456 provides for a duty of one-fourth cent per gallon for molasses containing 48 per cent or less of total sugars, and two hundred and seventy-five one thousandths of 1 cent additional for each additional 1 per cent of total sugars and fractions of 1 per cent in proportion. As waste molasses contains over 48 per cent total sugar, the two hundred and seventy-five one thousandths of 1 cent will become applicable.

Remarks.—Waste molasses is practically valueless in Cuba (it is appraised at 2 cents per gallon), and its ultimate value is almost entirely reflected in the cost of handling and transportation. It is largely, if not exclusively, used for stock feeding.

Witness: The Publicken Commercial Alcohol Co. (Brief; no appearance at hearings.)

Size of industry.—The company is one of the largest distillers of commercial alcohol in Pennsylvania, and has invested much money in plant and properties.

Rates suggested.—The company states that a tariff of 1½ cents per gallon on refuse molasses would unquestionably force it out of business.

Witness: The Ralston Purina Co. (Brief; no appearance at hearings.)

Size of industry.—Hundreds of millions of dollars have been invested in feed-manufacturing plants using blackstrap molasses as the basis of the finished product. In this connection many other by-products, more or less unpalatable, but containing good feed value, have been utilized. A list of cities in the United States is given in which important feed plants are located. American blackstrap molasses production is confined almost entirely to Louisiana.

Rates suggested.—The company states that its contracts with the farmers who raise the grain and the feeders who consume it convince it that blackstrap should be on the free list. Blackstrap molasses is a by-product which can not be brought into America unless it is very low in cost, and it is only during recent years that it has been brought into this country for feed purposes. Prior to the development of the feed business enormous quantities were wasted, but during 1918 and 1919 almost 1,000,000 tons of blackstrap molasses were imported. When the price of materials came down and freight rates went up

this enormous business fell off to extremely small amounts. A tariff on this commodity would still further restrict its importation and defeat one object of an import duty—namely, revenue.

Witness: The Colorado Alfalfa Milling Co. (Brief; no appearance at hearings.)

Rates suggested.—In the interests of about 200 mixed-feed plants of America, representing a business of \$200,000,000 per year, the company desires that paragraph 503 be changed to read "54 per cent total sugars" instead of "48 per cent," as proposed. With this change, these plants will be able to continue their business, and the general tax paid by the mixed-feed industry of America will be much larger than the Government could possibly collect with a prohibitive duty as proposed in H. R. 7456.

Remarks.—Of the 250,000 tons of alfalfa meal annually produced in the West, 97 per cent is used in the form of mixed feed, having refuse molasses as its basis. In 1919-20, when the total production of cane and beet sirups in the United States was about 200,000 tons, about 1,000,000 tons of blackstrap molasses were imported from Cuba, as it was not possible for the sirup industries of the United States to supply the demand for molasses used for mixed feeds and other products.

Witness: Hon. Lawrence C. Phipps, Colorado. (Brief; no appearance at hearings.)

Rates suggested.—The witness recommends that paragraph 503 be changed to read "54 per cent total sugars" instead of "48 per cent." This will permit manufacturers of feedstuffs and others to continue the use of blackstrap molasses without decreasing the amount which they would import. The run of blackstrap exceeds 48 per cent sugar content, averaging about 51 or 52 per cent, and running in some cases in excess of 54 per cent sugar content.

Remarks.—Blackstrap molasses is largely consumed in the manufacture of alfalfa meal, used in feeding live stock. Its consumption by alfalfa meal mills in Colorado totals a very large tonnage.

Witness: E. R. Smead Co. (Brief; no appearance at hearings.)

Rates suggested.—The tariff duty on blackstrap molasses should be reduced to one-half cent per gallon. At this rate it would be paying about 25 per cent ad valorem, and no surtax should be imposed unless the molasses contains over 56 per cent of total sugars. Molasses containing over 56 per cent of total sugars is often good enough for human consumption and may, therefore, be competitive with sugar. A corresponding duty may not be unreasonable, but no molasses testing 56 per cent or under can be used in place of sugar. A million or more barrels of molasses are used by American farmers, for which they are paying about \$5 per barrel. With the passing of H. R. 7456 they will pay at least \$6, and for the increased price will get seawater instead of molasses. Take all the sugar out of molasses and it is worthless. The company does not see why molasses should pay a duty on all the kinds of sugars it may contain, or at the rate of about 2.75 cents per pound, when sugar pays duty only on its crystallizable content, or at the rate of 2 cents per pound.

Witness: Dwight Hamlin (Inc.). (Brief; no appearance at hearings.)

Rates suggested.—The best interests of all concerned would be served by changing the basis on blackstrap molasses to 54 per cent total sugars, so that the average blackstrap could come in at one-fourth cent per gallon. If the tariff is fixed as proposed in H. R. 7456, at one-fourth cent per gallon containing 48 per cent sugar with an additional two hundred and seventy-five one-thousandths of a cent for each additional 1 per cent total sugars, many feed manufacturers and other plants will be compelled to go out of business. Molasses containing less than 52 per cent sugar causes the feed to heat and spoil, owing to the excessive moisture.

PARAGRAPH 506.—CONFECTIONERY.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Walter C. Hughes, representing the National Confectioners' Association.

Hearings: Pages 2410-2417.

Size of industry.—According to the 1919 census, there are about 3,150 manufacturers in the National Confectioners' Association, representing an investment of about \$315,000,000. In addition, there are 3,500 candy jobbers and about 75,000 candy retailers, these not including the wholesale druggists and grocers, who are large distributors of candy. The total sale of candy in 1919 was about \$450,000,000. The total number of employees in the industry is about 250,000. Exports of candy in 1914 were valued at \$1,329,000; in 1918, \$1,856,000. The value of imports, for 10 months of 1921, was only \$157,000.

Comparability.—There are many large manufacturers in Germany, England, France, and Canada who, prior to the war, produced candies in large quantities. Economic conditions in these countries are such at the present time that these manufacturers are going to seek foreign markets for the output. Unless there is an import duty which will protect the American industry, it is going to face very serious competition. About 80 per cent of the entire production in America is in low-priced candies, on which the keenest competition is feared. Low wages and cost of materials, together with the drawback allowed on exports, enable foreign countries to place their candies on the market at much lower figures than those produced in America. Wages in Germany are 4 to 11 cents per hour; in France, 4 to 13.5 cents per hour; in England, 14 to 26 cents per hour. Wages for the same class of workers in the United States range from 25 cents to \$1 per hour. Japan is also seeking markets in America for her candies. Their up-to-date machinery and the low cost of raw materials and labor permit her to sell at much lower figures than America. The average wages paid male employees is \$1 per day, or \$20 per month with board, as compared with \$4 to \$10 per day for male workers in America. The Morinaga Confectionery Co. (Ltd.) of Tokyo, employs 2,000 male and female workers and is one of the largest concerns of its kind either in Europe or Asia.

Rates suggested.—The duty on candy proposed in H. R. 7456 is 30 per cent ad valorem. The association recommends that it be made 50 per cent ad valorem. With free sugar contemplated, the

duty on candy valued at 15 cents per pound or less was 2 cents per pound, and valued at more than 15 cents per pound, 25 per cent ad valorem. On this same basis, if the duty is to remain at 2 cents per pound on 96° test sugar and 2.16 per pound on refined sugar, then the duty on candy should be 50 per cent ad valorem. (See p. 2415 for table "Duty on candy as compared with the duty on sugar.")

Remarks.—There are approximately 165 different kinds of raw materials used by candy manufacturers on which duties have been increased anywhere from 10 to 400 per cent, adding that much to their cost of production. These include such supplies as essential oils, flavoring extracts, colors, and materials of that kind which increase the cost of the finished product.

SCHEDULE 6.—TOBACCO AND MANUFACTURES OF.

PARAGRAPH 601.—TOBACCO.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Hon. S. M. Shortridge, United States Senator from California.
Mr. Alfred Aram, representing the Associated Tobacco Growers of California, Fresno, Calif.
Mr. Charles Fox, representing the National Cigar Leaf Tobacco Association, New York City.
Mr. Marcus S. Floyd, representing the New England Tobacco Growers' Association and others.

FAVORING HIGHER DUTIES:

Hon. Duncan U. Fletcher, United States Senator from Florida.
Cigar Manufacturers' Association of Tampa, Fla. (Brief.)
Mr. Junius Parker, representing tobacco manufacturers.
Tobacco Merchants' Association of the United States. (Brief.)
Mr. E. Pendas, representing manufacturers of Havana cigars.
Mr. Joseph F. Cullman, sr., representing the National Cigar Leaf Tobacco Association.
Mr. J. B. Duke, New York City. (Brief.)
The Alston Tobacco Co., New York City. (Brief.)
E. A. Calves & Co., Philadelphia, Pa. (Brief.)

Hearings: Pages 2433-2441.

Witness: Hon. S. M. Shortridge, Senator from California.

Size of industry.—Turkish tobacco is produced in some 10 counties in California. Production grew from 500 pounds in 1906 to 1,525,000 pounds in 1919, dropping to 700,000 pounds in 1920.

Comparability.—In the term "Turkish tobacco" are included some 20 varieties. California produces Turkish tobacco which comes into competition with the imported.

Rates suggested.—The Senator desires the rate on Turkish tobacco to remain at \$1 per pound as in the Fordney bill.

Remarks.—Since 1912 the consumption of cigarettes has increased in number from 11,000,000,000 to 50,000,000,000 and exports from 1,600,000,000 to 15,800,000,000.

Hearings: Pages 2441-2499.

Witness: Mr. Alfred Aram, representing the Associated Tobacco Growers of California.

Costs and selling prices.—The average cost of production of Turkish type tobacco in California for the seven years ending 1920 was

\$1.34 per pound. For the war and postwar period, the cost of production in Macedonia and Thrace averaged \$0.52 per pound, which is higher than the prewar cost. The California tobacco has been sold at from 25 cents to \$1.25—whatever the large manufacturers would offer.

Size of industry.—About 400 farmers in California are producing Turkish tobacco. The maximum production was 1,525,000 pounds in 1919. Because of lack of market, only 48,000 pounds were produced in 1921.

Comparability.—The witness claims that California tobacco is as good as the imported and can be substituted for it, and that it has been bought by manufacturers of pure Turkish cigarettes.

Rates suggested.—The witness desires the \$1 per pound duty on Turkish tobacco provided in the Fordney bill.

Remarks.—Turkish type tobacco has a smaller yield per acre, requires more labor in handling, and is very different in character from other filler tobacco imported under the same paragraph.

About 85 per cent of the present consumption of cigarettes is made of domestic tobaccos blended with Turkish. Blended cigarettes average 10 per cent Turkish, and on this basis the duty of \$1 per pound on Turkish tobacco would amount to \$0.0032 per package of 20 blended cigarettes.

The American smoker is taxed less on his tobacco and gets less for his money than the people in any other civilized country where there is not a Government tobacco monopoly. Some American brands sell in England for the same or at a less retail price than here, while the British tax is considerably heavier.

The large American cigarette manufacturers do not want to encourage the growing of Turkish type tobacco in California for two reasons: In the first place, they know that it can not be produced as cheaply in California as in the Levant and they fear the establishment of the industry in California as a basis for a demand for a protective duty; secondly, with the control of the imports of Turkish tobacco and with the present demand for blended cigarettes, they feel that they have some protection against manufacturing competition.

Hearings: Page 2530.

Witness: Mr. Charles Fox, representing the National Cigar Leaf Tobacco Association.

Remarks.—Commenting on the testimony of previous witnesses, the witness thinks the 50 per cent allowance of wrapper tobacco is not too high. Under the present law, if a mixed bale contains more than 15 per cent wrapper it is all assessed at the wrapper rate; this is unfair to the importer of Havana tobacco. The increase in duty to 50 per cent will allow the importation of certain grades which now can not be brought in economically. The Treasury Department has recommended this change.

Mr. Fox also submitted briefs, letters, etc. (See pp. 2538–2547.)

Hearings: Pages 2547–2554.

Witness: Mr. Marcus L. Floyd, representing the New England Tobacco Growers' Association and the Florida and Georgia Tobacco Growers' Association.

Costs and selling prices.—The present cost of labor in manufacturing cigars is about 20 per cent less than in 1919 and 1920. Decreases in average prices in different kinds of cigar tobacco from 1919 to 1921 have ranged from 10 to 28 per cent.

Rates suggested.—A rate of \$2.50 per pound on unstemmed wrapper tobacco. This would mean only half a cent on a cigar.

Remarks.—The claim of the manufacturers that the proposed increase in duty will force the 8-cent cigar into the 9-cent class is not justified, considering the decline in tobacco prices.

Inasmuch as Congress apparently desires to increase the revenue from tobacco, why not do it through an import duty which will benefit the domestic tobacco growing industry?

Hearings: Pages 2510-2514.

Witness: Hon. Duncan U. Fletcher, United States Senator from Florida.

Costs and selling prices.—The internal-revenue tax and duties on raw materials have so increased that the manufacturers can not put out a two-for-a-quarter clear Havana cigar.

Size of industry.—Key West and Tampa are largely dependent upon the cigar industry. In Key West the average annual production is 60,000,000 to 70,000,000 cigars. In Tampa as many as 400,000,000 clear Havana cigars have been manufactured annually as compared with 220,000,000 in Cuba.

Rates suggested.—The Senator desires that the rates on cigar filler and Havana wrapper tobacco be not raised above the 1909 and 1913 rates.

Remarks.—During the war, when wage earners and business men were receiving high returns, there was a good market for 20 and 25 cent cigars, but the demand has now fallen off. There are 15,000 people engaged in the industry in Tampa and 5,000 in Key West, and the manufacturers feel sure that the proposed increase in duties will seriously injure, if not ruin, the industry.

Sumatra and Java wrapper tobacco, rather than Havana wrapper, constitutes the real competition with Florida and Connecticut wrapper. Whatever the duties on Sumatra and Java wrapper tobacco may be, the duties on Cuban wrapper and filler ought not to be raised, but lowered.

Increased importation of Havana filler tobacco helps the grower of American Sumatra wrapper because the Cuban filler is wrapped with it.

Hearings: Pages 2514-2521.

Witness: The Cigar Manufacturers' Association of Tampa, Fla. (Brief.)

Costs and selling prices.—An example is given of a pure Havana cigar made to retail at 15 cents. The manufacturer's cost was \$102.46 per 1,000 and his selling price \$105, leaving a profit of \$2.54. The increase in duty under the proposed rates would be \$2.73.

Size of industry.—The production of cigars in Tampa increased from 147,000,000 in 1901 to 423,000,000 in 1919.

Rates suggested.—The association desires that the rates on leaf and scrap tobacco remain as in the act of 1913 or be reduced. This

is necessary in order to maintain the domestic clear Havana cigar industry.

Remarks.—Under the present internal-revenue system, the rates are graded according to the retail price. An increased duty would necessitate a higher retail price, which might mean throwing the cigar into the next higher class, with an increase of \$3 in internal revenue. The trade would not stand this increase and business would be cut down.

Great Britain, in 1920, increased the duty on cigars to such an extent that the trade was killed and the revenue greatly reduced.

Cuban tobacco is used not only in the Florida clear Havana cigar industry but also on a large scale as filler with Connecticut shade-grown wrapper. Havana filler is also used with Pennsylvania, Ohio and Wisconsin filler and binder tobacco and greatly improves the market for them.

Scrap tobacco is blended with domestic filler tobacco to give the Havana flavor in cheaper cigars. The proposed duty on scrap tobacco would greatly reduce imports and revenue.

Hearings: Pages 2419-2433.

Witness: Mr. Junius Parker, representing the American Tobacco Co., R. J. Reynolds Tobacco Co., Liggett & Myers Tobacco Co., P. Lorillard Co. (Inc.), the Tobacco Products Corporation, Larus & Bro. Co., Block Bros. Co., the Tobacco Merchants' Association.

Costs and selling prices.—The average price, in bond, of Turkish tobacco in 1920 was 94 cents, or about \$1.35 per pound, duty paid.

Size of industry.—The annual production of cigarettes is around 50,000,000.

Comparability.—No tobacco of Turkish type has ever been grown in California. California tobacco differs from other domestic cigarette tobacco in the same way that Burley differs from Virginian. The large manufacturers have themselves tried to raise Turkish tobacco in California and other States and have come to the conclusion that Turkish tobacco, or tobacco that could be substituted for it, can not be raised in this country. This is substantiated by experience with tobacco bought from California growers.

There are as many as 42 varieties of Turkish tobacco in one brand of cigarettes; different kinds are used to give the different qualities—aroma, burning, taste—that are desired.

Rates suggested.—Elimination of clauses applying specifically to Turkish tobacco, which would then come in at the same rate as cigar filler, for which 35 cents per pound is recommended.

Remarks.—Imports of Turkish tobacco amount to about 40,000,000 pounds. An advance of 65 cents in duty, as proposed, would mean an added tax on \$26,000,000 on the cigarette industry—approximately 50 cents per thousand on the whole number of cigarettes produced. Treasury officials have said that taxes on tobacco were as high as profitable for revenue purposes. Production has fallen from 53,000,000 in 1919 to 47,000,000 in 1920.

Since particular brands of cigarettes use different proportions of Turkish tobacco and to change the formula would ruin the valuable brand, an increased tax on Turkish would fall unevenly and be discriminatory, as between brands. If it is imperative that the tax on

cigarettes be increased, manufacturers would prefer a flat increase in the internal revenue tax, since that would bear evenly on the whole industry.

The only tobacco grower who has asked an increased duty on Turkish is Mr. Aram, of California; southern cigarette tobacco growers realize that blending with Turkish helps to sell their tobacco.

Only 700,000 pounds of tobacco is grown in California as compared with an annual requirement of 40,000,000 pounds of Turkish.

Hearings: Pages 2499-2510.

Witness: Tobacco Merchants' Association of the United States. (Brief.)

Costs and selling prices.—The average price paid for Turkish tobacco in 1920 was 91.5 cents per pound plus the duty of 35 cents per pound.

Size of industry.—Cigarette manufacturers use annually 150,000,000 pounds of tobacco, valued at \$62,000,000. The annual volume of business at consumers' prices is over \$500,000,000. The California growers claim a maximum production of 1,500,000 pounds, valued at \$2,250,000. The average requirements of Turkish are 40,000,000 pounds.

Comparability.—Some of the large manufacturers have experimented with California tobacco, but none of them would dare substitute it for Turkish in any of their valuable or well-known brands.

Rates suggested.—The brief protests against any increase in the duty on Turkish tobacco over the present rate of 35 cents per pound.

Remarks.—Taxes on the cigarette industry have already reached the point of diminishing returns, and the Treasury experts have so advised Congress.

To protect what Mr. Aram claims as a possible industry with a possible income of \$375,000 per year, he seeks to tax the cigarette industry to the additional extent of \$26,000,000 annually. If California can not produce tobacco to compete with Turkish tobacco costing \$1.26 per pound, while the highest average price that domestic tobacco ever sold for was 41 cents per pound, it is impossible to produce any tobacco on a commercial basis.

Cigarette manufacturers have no sinister motive in not using California tobacco; they have no other interest than to get their raw material at a fair price and without embarrassment. No American manufacturer is consciously selling his product in foreign countries at lower rates of profit than in this country.

Hearings: Pages 2521-2530.

Witness: Mr. E. Pendas, representing manufacturers of Havana cigars, Florida.

Costs and selling prices.—On the two-for-a-quarter pure Havana cigars it was found that the cost per 1,000 would be \$90.50 while they would have to be sold at \$85.

Comparability.—The better quality of pure Havana cigars made in Florida compares very favorably in quality with the Cuban-made cigars.

Rates suggested.—The Florida manufacturers protest against any increase in duties on cigar wrapper or filler tobaccos; an increased duty would mean decreased revenue.

Remarks.—The witness thinks that the allowance of 50 per cent of wrapper tobacco in mixed bales would be unfair to the Government and that 35 per cent would be ample.

Before the war, 80 to 85 per cent of the cigars produced in Florida retailed at 10 cents. During the war, raw materials, taxes, and wages so increased that the 10-cent cigar disappeared and the production of two-for-a-quarter cigars was negligible. Now, while the demand for high-priced cigars has fallen off, it is impossible to produce 10-cent or two-for-a-quarter Havana cigars, although wages have been lowered about 17 per cent since the high point. For a cigar sold at 15 cents before the war the cigar maker got \$17, during the war \$24, and now \$21 per thousand.

An increased duty would force the manufacturer to increase the retail price of the cigar in order to come out even. But this might throw the cigar into the next higher internal revenue class and mean an addition of \$3 per 1,000 in internal revenue.

Havana tobacco does not compete with any domestic leaf, but when blended with the domestic it increases the value of the latter.

Hearings: Pages 2531-2538.

Witness: Mr. Joseph F. Cullman, sr., representing the National Cigar Leaf Tobacco Association.

Costs and selling prices.—The production of cigars has practically stood still for the last 20 years, despite the enormous increase in population. In 1920, 8,500,000,000 cigars were manufactured.

Rates suggested.—Restoration of the 1913 rates on filler and scrap tobacco (unstemmed filler tobacco, 35 cents per pound; stemmed, 50 cents per pound; scrap, 35 cents per pound), and a rate not exceeding \$1.85 per pound on wrapper tobacco.

Remarks.—Nearly one-half of the cigars made in the United States are covered with Sumatra wrappers. The proposed increase of 25 cents per pound on wrapper tobacco would mean 50 cents per 1,000 cigars, which would have to be passed on to the consumer through increased retail prices. An increased retail price might mean that a cigar of a particular grade would be thrown into the next higher class for internal revenue. Then \$3 per 1,000 internal revenue would be added. The only way to avoid this would be to reduce wages or to cut the price paid for domestic filler and wrapper tobacco.

The shade-grown wrapper tobacco industry of New England is a growing and prosperous business, largely in the hands of six or eight large concerns.

The increased duty on filler tobacco would be even more disastrous to the cigar industry than that on wrappers. Havana fillers do not compete with domestic tobaccos, but the importation of this tobacco stimulates the production of domestic leaf for wrapper and for filler to blend with Havana.

The proposed increase in duty on scrap tobacco would be prohibitory. Imports of scrap are mostly of Havana tobacco used to give low-priced cigars Havana flavor.

Witness: The New York special agent of the United States customs service, New York. (Brief; no appearance at hearings.)

Rates suggested.—The New York supervising examiner of tobacco had suggested to the writer that a simple change in paragraph 181 (act of 1913) would afford about \$5,000,000 additional revenue. That is, adding after "35 cents per pound" the phrase "if suitable for use without being stemmed, or if stemmed, 50 cents per pound." This would make dutiable at the stemmed rate all Turkish tobacco, Latakia tobacco, and so-called "pigtail" tobacco, suitable without stemming for use in making cigarettes, snuff, and pipe mixtures.

Another suggestion is that the line of demarcation of 15 per cent should be raised to 50 per cent on mixed bales containing wrapper tobacco. This would permit the importation of higher-grade Cuban tobacco.

Witness: Mr. J. B. Duke, New York City. (Brief; no appearance at hearings.)

Remarks.—Inclosed with the brief is a series of charts designed to show that the tobacco industry is bearing more than its fair share of taxation and is being endangered thereby. The internal-revenue tax on cigarettes amounts to about one-third of the retail price. The volume of tobacco products is declining and many factories have been closed.

Witness: The Alston Tobacco Co., New York City. (Brief; no appearance at hearings.)

Comparability.—All attempts to grow Turkish type tobacco in this country have met with failure, since "nowhere" do there appear to exist soil and climatic conditions similar to those in the tobacco-growing regions of Turkey and Greece." The best grades of tobacco produced in this country have not equaled in quality the lowest grades grown in Turkey.

Rates suggested.—The writer protests against the proposed increase in duty on Turkish tobacco, a raw material essential to the cigarette industry.

Witness: A. A. Calves & Co., importers of Havana tobaccos, Philadelphia, Pa. (Brief; no appearance at hearings.)

Rates suggested.—The company protests against any increase in duties on Cuban tobacco, especially on Cuban filler tobacco. An increase in duty would mean a tremendous decrease in consumption or would reduce the price which the manufacturer could pay for domestic filler.

Remarks.—The leaf-tobacco and cigar industries have been at a standstill for the last 20 years through being overburdened with taxes. Most of the imported filler tobacco comes from Cuba. It is used principally to blend with domestic filler and thus, instead of competing with domestic filler, increases the sale of the American leaf.

A copy of resolutions adopted by the National Cigar Leaf Tobacco Association, protesting against any increase in internal-revenue tax on cigars, accompanies the brief.

SCHEDULE 7.—AGRICULTURAL PRODUCTS AND PROVISIONS.**HEARINGS RELATING GENERALLY TO FARM PRODUCTS****WITNESSES, AND INTERESTS REPRESENTED.****FAVORING PROPOSED OR HIGHER DUTIES:**

Prof. Thomas C. Atkeson, representing the National Grange, Patrons of Husbandry, Washington, D. C.

Mr. Gray Silver, representing the American Farm Bureau Federation.

Mr. John H. Kirby, president of the Southern Tariff Association, Houston, Tex.

Mr. Charles DeB. Claiborne, representing southern and national banking interests, New Orleans, La.

Mr. Henry N. Pharr, Olivier, La.

FAVORING LOWER DUTIES:

Mr. L. J. Scaramelli, representing the Italian Chamber of Commerce of New York, New York City.

Hearings: Pages 2555-2557.

Witness: Prof. Thomas C. Atkeson, representing the National Grange, Patrons of Husbandry.

Remarks.—Although absolutely a nonpolitical organization, the National Grange demands for agriculture and agricultural products a fair and equal protection so long as protection is the tariff policy of the Government. It is unfair to apply arguments for free raw materials to farm products; to the farmer these products are finished materials, upon which his labor has been expended.

Hearings: Pages 2557-2560.

Witness: Mr. Gray Silver, representing the American Farm Bureau Federation. (Brief.)

Remarks.—"The farmer's interest in the tariff question in the past has been:

"(1) As a producer, he desires protection in fair relation to the protection given to manufacturing industries from the competition of foreign products, produced under conditions of natural advantage or very cheap labor.

"(2) As a consumer, he is opposed to excessively high tariffs which would unduly increase the price of the supplies which enter into the cost of his product, and rates which unduly increase the cost of manufactured products which farmers use as a part of the general consuming public.

"(3) As an exporter of over half of the Nation's excess balance of exports, he is interested in the effect of the tariff on foreign demands for his products and in maintaining the balance of exports over imports."

Rates of duty should be only high enough to prevent the depression of domestic markets by the importation of large quantities of foreign goods. Excessive tariffs which would increase all prices would not be to the ultimate advantage of the nation or of producers.

A means of tariff adjustment which will operate quickly is needed. The extension of the powers of the President or the Tariff Commission to meet any emergency, operating within limits fixed by Congress, would aid greatly in increasing the protective services of the tariff.

The agricultural products upon which a protective tariff is effective are relatively few. There must be reasonable limits to protection in order not to foster profiteering.

Hearings: Pages 2561-2566.

Witness: Mr. John H. Kirby, president of the Southern Tariff Association, Houston, Tex.

Remarks.—The Southern Tariff Association grew largely out of the distress of the agricultural elements of the South under the application of the new doctrine of free raw materials.

The cotton farmer in the South found, in 1920, that his cotton seed had undergone a frightful shrinkage, amounting to about \$300,000,000, partly because of the deflation policy of the Federal reserve bank but mostly because of free importation of oriental vegetable oils. Largely from the same cause, the value of the peanut crop dropped in the same year from \$100,000,000 to less than \$10,000,000. Southern poultry producers, who enjoyed some prosperity prior to 1920, found themselves unable to keep their hens, largely because of free imports from China.

Texas wool growers were unable to sell their spring and fall clips because of free imports of Argentine and Australian wool.

Texas cattle raisers found that meat values shrunk because of the free importation of cheaply produced Argentine meats; freight from Argentina is less than that from Fort Worth to the principal American markets. Free imports of hides have made it unprofitable to skin an animal, and imports of mutton have destroyed the market for American sheep.

For these reasons, the association has been organized to ask for southern industries equal tariff treatment with that accorded industries in other sections.

Panic and distress have followed the enactment of every low tariff. The business men of the South are behind the policy of protection.

Hearings: Pages 2343-2346.

Witness: Mr. Charles De B. Claiborne, of New Orleans, La., representing southern and national banking interests.

The witness appeared as a banker to confirm the statement that, irrespective of any showing at the polls, the overwhelming number of banks in the South favor protection. By this, no halfway measures are meant; there is no use in a duty that will barely permit populations to live. Examples supporting this thesis were given by the witness.

The duty on sugar in the past has never been sufficient, no matter what statisticians or experts or anybody else may have to say on the subject. People are heard saying that 1.60 cents duty against Cuba is enough on sugar, but it is at least doubtful whether such people are called upon to lend money on that assumption. The necessary margin must exist if money is to be put out.

Nor are these conditions confined to sugar. Bankers know that there is no hope for success unless sugar, cotton, wheat, corn, and every other commodity are on their feet.

The witness feels that this country is going too far with the idea that its mission is to help out the entire world and regards this manifestation as simply national vanity or some type of egotism. The

present need is to save this country, but assistance must be given along intelligent lines, this being no time to compromise or to equivocate.

Hearings: Pages 2346-2348.

Witness: Mr. Henry N. Pharr, Olivier, La.

The witness indorses the statements of Mr. Claiborne (*supra*) as well as the presentation made a few weeks ago by other representatives from the State of Louisiana.

It is unfortunate that the sugar industry has been the football of politics; nobody has known for any length of time in advance what the future held in store for him on tariff questions. The Louisiana sugar industry can not prosper without a sufficiently high tariff; 2½ cents against all sugars except Cuban and 2 cents against Cuban would insure a slight degree of prosperity. The sugar industry of the world owes a debt to Louisiana, and the good work already done by way of education and management ought not to be interrupted. The domestic sugar industry is absolutely essential for the protection of the American consumer. Its destruction means placing the American consumer absolutely at the mercy of the refiners. Both the Cuban and the American industries should continue, the difference lying in the fact that the former will continue despite any legislation that may be enacted.

The witness does not believe that funds for the 1922 crop will be forthcoming in the absence of adequate protection for sugar.

PARAGRAPHS 710, 719, 720, 721, 726, 738, 743, 754, 755, 758, 763, 767, 770, AND 773.

Hearings: Pages 2567-2592.

Witness: Mr. L. J. Scaramelli, representing the Italian Chamber of Commerce of New York.

CHEESE.

Costs and selling prices.—Domestic Swiss sells at from 25 to 42 cents per pound, cheese selling at the latter price being equal in quality to that of the imported selling at 72 cents. Roman cheese sells at 63 cents.

Comparability.—Roman cheese, not successfully made in this country, is especially desired by the Italian immigrant who has a taste for that particular kind.

Rates suggested.—The chamber desires a specific rate of 5 or not more than 6 cents per pound. An *ad valorem* rate is particularly objectionable in the case of cheese because of the difficulty of determining values of the many varieties. Such a rate would penalize the honest importer.

LEMONS.

Costs and selling prices.—Prices have fluctuated greatly. During the hot spell last summer, in the absence of an adequate foreign supply—discouraged by the high duty—wholesale prices went to \$12 and \$15 per box, shortly afterwards falling to \$3.

Rates suggested.—One cent per pound, or no higher than 1½ cents per pound.

Remarks.—Importation should be encouraged, under a reasonable tariff, for the protection of consumers. Scarcity would be especially acute in the event of crop failure in California.

Prior to the war about 2,000,000, out of a total consumption of 5,000,000 boxes, came from Italy.

The seasonal average wholesale price of Italian lemons in New York is \$4.08 per box against an average selling price for California lemons, for the last 16 years, of \$3.92.

The high freight rate of \$1.50 per box from California to the East has been largely overcome by transportation through the Canal at 65 cents. There is a good chance for further reductions.

WALNUTS.

Costs and selling prices.—California walnuts sell at a considerable premium over the imported.

Rates suggested.—The chamber recommends that the rates of 2 and 4 cents per pound on unshelled and shelled walnuts be retained or, at least, not be made higher than 3 and 5 cents, the duties under the Payne-Aldrich Act.

Remarks.—The industry has greatly prospered under the present duty, production increasing from 9,600 tons in 1910 to 28,100 tons in 1919, i. e., at a much faster rate than imports.

CHERRIES IN BRINE.

Rates suggested.—If it is not deemed possible to return them to the free list, they should be assessed no more than the proposed 1½ cents per pound.

Remarks.—Cherries in brine are raw material of confectioners and bakers. The variety imported are smaller than the domestic and can be used to better advantage. Very few of the smaller size are produced here.

FILBERTS.

Rates suggested.—Two cents per pound for unshelled filberts and 4 cents for shelled.

Remarks.—Filberts are not produced in this country commercially; experience has shown the present rates to be best for revenue purposes.

TOMATO PASTE OR SAUCE.

Costs and selling prices.—Before the war domestic tomato sauce sold at \$4 per case and imported for \$8. During the war the imported sold at \$24 while the price of the domestic was \$12 to \$18. The difference is due to the lack in the domestic product of the high flavor, nourishing qualities, and color of the imported.

Rates suggested.—One cent per pound.

CANNED TOMATOES.

Rates suggested.—One-half cent per pound, which is equivalent to the proposed 10 per cent ad valorem rate.

Remarks.—The imported Italian tomato is a special egg or pear-shaped - canned here. It is never imported in quantity senior e enormous domestic pack.

ARTICHOKES, PEPPERS, AND OTHER PRESERVED CANNED VEGETABLES.

Rates suggested.—These are not successfully canned in any quantity in the United States and should bear 1 cent per pound.

PRESERVED FISH.

Rates suggested.—Most of the kinds of preserved fish imported are either not found or not produced in quantity in the United States. The chamber recommends $2\frac{1}{2}$ cents per pound duty on fish in oil, $1\frac{1}{2}$ cents per pound for fish in brine, except salted sardines or sardelles; on the latter, which is a cheap variety of fish not produced in this country, 1 cent per pound.

PEAS AND BEANS, PREPARED AND PRESERVED.

Rates suggested.—The Fordney bill raises the duty on these commodities from 1 to 2 cents per pound, which the chamber considers excessive because there is no question that prepared vegetables can be packed as cheaply here as in any country.

ALMONDS.

Rates suggested.—If it is not possible to maintain the present rates of 3 cents per pound on unshelled and 4 cents on shelled, the duties should not be more than 4 and 6 cents respectively.

Remarks.—The industry in California has grown considerably under the present tariff. There is no wide spread between cost of production here and abroad. Labor-saving machinery is used in tillage and spraying. The alleged disproportion between the duties on shelled and unshelled almonds is justified because the shelled nuts are a necessary raw material of the candy trade and there is no fear of competition to domestic production from imported shelled almonds.

MACARONI, VERMICELLI, AND SIMILAR PREPARATIONS.

Costs and selling prices.—The present selling price of imported macaroni is \$2.50 per box, compared with \$1.87 for domestic. Even before the war Italian macaroni commanded a premium of 1 cent per pound.

Comparability.—Domestic macaroni now compares very favorably with imported, especially at the present time, when it is made entirely of semolina, while Italian macaroni is not. Some, however, still prefer the imported product.

Rates suggested.—One cent per pound or at any rate not more than $1\frac{1}{2}$ cents.

Remarks.—At present the domestic manufacturer is master of the domestic market and is looking toward an export trade.

The industry has greatly grown and prospered during the war.

PARAGRAPH 701.—CATTLE.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Col. Ike T. Pryor, representing the American National Live Stock Association, San Antonio, Tex.

FAVORING PROPOSED OR HIGHER DUTIES—Continued.

Mr. Samuel H. Cowan, representing the American National Live Stock Association, Fort Worth, Tex.

Mr. J. H. Mercer, representing the Kansas Live Stock Association, Topeka, Kans.

Mr. E. B. Spiller, representing the Texas and Southwestern Cattle Raisers' Association, Fort Worth, Tex.

Mr. George W. Armstrong, representing himself and other cattlemen, Fort Worth, Tex.

FAVORING LOWER DUTIES:

Mr. Charles E. Wiswall, representing the Association of American Cattlemen in Mexico.

Hearings: Pages 2647-2650, 2685-2690.

Witness: Col. Ike T. Pryor, representing the American Live Stock Association.

Costs and selling prices.—Wages paid in competing countries are much lower than in the United States. In Mexico they are \$7.50 per month as compared with \$30 a month in Arizona. Farm laborers in Argentina receive \$10 to \$20 per month and board. Prices have so declined that 7 cents per pound live weight now looks as good as 15 cents in the spring of 1919.

Size of industry.—Argentina, Uruguay, Brazil, and Australia, with a total population of 41,176,000, have 91,342,000 cattle as compared with the United States having 100,000,000 people and 67,866,000 cattle.

Rates suggested.—Twenty per cent ad valorem on cattle hides, all live stock, all fresh or prepared meats; the last named duty to be subject to a minimum of 4 cents per pound.

Remarks.—The duty on live stock and live-stock products should be high enough to cover the maximum domestic cost of production compared with foreign costs. With encouragement to do it, this country could easily produce 100,000,000 cattle.

Producers in competing countries, besides paying lower wages, still have large tracts of free grazing land and pasture charges are much lower than here.

In 1919 and 1920 over 3,000 carloads of cattle and 10,000 carloads of mutton and lamb were imported. If this had been produced in the United States, not only American producers but everyone engaged in the handling would have been benefited.

Hearings: Pages 2606-2612.

Witness: Mr. Samuel H. Cowan, representing the American Live Stock Association.

Rates suggested.—On hides, 20 per cent ad valorem; on live stock, on the basis of 20 per cent ad valorem; on fresh and prepared meats, 20 per cent ad valorem subject to a minimum of 4 cents per pound.

Remarks.—Mr. Cowan submitted for reprinting an argument for a duty on hides presented to the Ways and Means Committee in 1908; he also submitted a brief of the American National Live Stock Association before the present Ways and Means Committee, favoring a duty on hides and on meats; also a statement favoring duties on meat products by Col. Ike T. Pryor, representing the American National Live Stock Association, etc.; finally, statistical memoranda relating to the production and trade in live stock and live-stock products.

ABSTRACT OF ARGUMENTS IN FAVOR OF A DUTY ON HIDES.

1. The contention that the stockman would not benefit from a duty on hides is invalid, since there is real competition for hides and the value of the hide (in normal times 13 to 15½ per cent of the gross value of the animal) is taken into consideration by buyers.

2. Compared with the great benefit to producers, the duty on hides on a pair of shoes would be insignificant. Assuming that the whole amount would be passed on to the consumer, it would amount to from 2 to 4½ cents per pair of shoes.

3. Putting hides on the free list in 1909 did not result in reduced prices to consumers of shoes, traveling bags, harness, etc.

4. A 20 per cent duty on hides would do something toward aiding the producers to recover from the frightful depression of the last few years.

5. A duty on hides would yield considerable revenue; a 15 per cent duty since 1910 would have averaged about \$13,000,000 annually.

6. The claim of the leather manufacturers and independent tanners that the packers control the supply of domestic hides is not borne out by the figures. If it were true, the remedy should be sought by changing home conditions rather than by making hides free.

7. In 1919 the value of leather manufactures exported at least equaled the value of imports of hides.

8. The same arguments apply in favor of a duty on sheep pelts.

ARGUMENTS IN FAVOR OF A DUTY ON CATTLE AND MEAT PRODUCTS.

1. The cost of production of beef and mutton is enormously greater here than in other surplus-producing countries.

2. Free competition with these countries means increased imports, wholly at the will of the American packers, and the consumer will become dependent on foreign production. Only the most favorably situated domestic producer could remain in business.

3. A review of prices since 1910 indicates that a duty on foodstuffs is not borne by the consumer. Retail price does not necessarily follow the wholesale price.

4. It is an alarming fact to live-stock producers that while throughout the war there was a great export market and imports were kept out, immediately thereafter exports decreased and imports increased, so that imports again exceed exports.

5. Other surplus-producing countries have a much larger number of cattle and sheep per 1,000 population than has the United States.

6. Immediately after the passage of the Underwood bill large quantities of frozen beef and mutton began to be diverted from Europe to this country. This movement was halted only by the war.

7. Recent heavy imports of mutton and lamb afford an illustration of the difference between an imported and a domestic meat supply. In the latter case, not only is the American producer benefited, but, in addition to the railroads' receipts for freight, the charges for bedding the cars, feed, yardage, attendance, war tax, and commission are distributed among the various domestic interests.

8. There is no millionaire farmer. The farmer furnishes the basic raw materials for the manufacturing industries and ought to receive equal consideration with them when it comes to fixing duties.

Hearings: Pages 2674-2683.

Witness: Mr. J. H. Mercer, representing the Kansas Live Stock Association, Topeka, Kans.

Costs and selling prices.—Since the beginning of 1919 there is no farm product which has not depreciated more than one-half. To produce a three-year-old steer costs \$120 to \$135 per head. During 1918 beef steers were selling for \$16 to \$18 per hundred, but for the last 10 to 12 months at from \$6 to \$9.

Remarks.—As prices of things the farmer has to buy have not decreased like the prices of farm products, the farmer has been left in a desperate situation. The time has come when every article produced on the farm should be protected to some amount. Because of the tremendous spread between wholesale and retail prices, such protection would not mean higher prices to the consumer.

Hearings: Pages 2683-2685.

Witness: Mr. E. B. Spiller, representing the Texas and Southwestern Cattle Raisers' Association.

Remarks.—Every cattle producer in this country has felt the effects of foreign competition and wants the protection of duties on dressed meat and hides. With the disappearance of the free range, costs have increased and protection has become more necessary.

Hearings: Pages 2691-2700.

Witness: Mr. George W. Armstrong, Fort Worth, Tex., representing himself and other cattlemen.

Costs and selling prices.—Cattle can be raised in Colombia for 2 or 3 cents per pound, while it is doubtful if beef can be produced anywhere in this country for 7 cents.

Remarks.—Land is very cheap in Colombia, and the tall Para grass is so luxuriant that there is no difficulty in fattening cattle. Cattle are infected with rinderpest and could not be brought into this country on the hoof. There were no packing plants in Colombia in 1915, although some were proposed; when built, that country will be a large source of supply for beef.

The American packers dominate the beef business in other countries and so control imports. A duty on beef would restrict their power. The Government will have to go farther than the tariff to save the cattle business.

There have been three calf-killing years on the Fort Worth market, caused by drought and financial stringency. Within two years the country will have to import beef and will be at the mercy of the foreign producer.

The witness advocates letting the packers go into the retail meat business.

Hearings: Pages 2594-2606.

Witness: Mr. Charles E. Wiswall, representing the Cananea Cattle Co., Cananea, Sonora, Mexico, and the Association of American Cattlemen in Mexico.

Costs and selling prices.—In June, 1921, the Cananea Co. shipped 1,010 yearlings, paid \$3.50 per head Mexican export tax, \$3.90 per head duty and received \$19 per head or \$11.60 net after taxes had been paid. Twelve months before the company received \$39 net for the same class of cattle. In 1920 the average cost of yearlings was \$20 per

Size of industry.—There are about 25 men in the association, who own 8,500,000 acres of land and 95,000 head of cattle.

Rates suggested.—The witness favors the proposed division at 2 years because the age can be accurately determined by the teeth. He favors a lower rate on cattle under 2 years old since they are mostly stockers and feeders which have to be finished in the United States.

Remarks.—The administration of the duty on live cattle in the act of 1909 gave much trouble, to importers and customs officials alike, in determining the age and value of animals. After the passage of the act of 1913 imports greatly increased but have fallen off since the emergency act went into effect.

The witness thinks that light cattle ought to be let in at a lower rate, because there is no overproduction of cattle in the United States. Imports from Mexico in the next few years will be limited in any case, because of that country's depleted stocks. The break in cattle prices in 1919, 1920, and 1921 was caused by bad credit conditions which forced liquidations. Imports, as compared with market receipts, are too small to affect the general price level.

PARAGRAPH 701.—TALLOW.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING LOWER DUTIES:

Mr. Frank M. Barnes, representing Proctor & Gamble Co., Cincinnati, Ohio.
The N. K. Fairbanks Co., Milwaukee, Wis. (Brief.)

Hearings: Pages 2701–2711.

Witness: Mr. Frank M. Barnes, representing Proctor & Gamble Co.

Costs and selling prices.—

Market prices on inedible tallow, 1921 (per 100 pounds).

	January.	February	March.	April.	May.	June.	July.
City special tallow.....	\$6.15	\$5.61	\$5.09	\$5.00	\$5.22	\$4.80	\$4.51
Prime city tallow.....	5.33	4.69	4.10	4.00	4.00	3.84	3.51

Rates suggested.—The soap manufacturers ask that tallow remain on the free list.

Remarks.—Tallow makes up about 25 per cent of the raw material of the soap industry. In 1913, the price of white laundry soap was 6.4 cents per pound; it went up to 12½ cents and is now 7½ cents. Yellow laundry soap in 1913 sold at 7½ cents; at the peak of prices it was 10 cents, and is now 6 cents. The soap maker is interested only in inedible tallow, of which the average steer will produce 7 to 8 pounds. One-half cent increase in price would mean only 3½ cents on the price of a steer. Practically all imported tallow is inedible. Two-thirds of the inedible tallow rendered is made from city butchers' scraps. Renderers are subsidiaries of Chicago packers. The witness claims that a duty of one-half cent per pound on tallow would be prohibitive. Under that duty in the act of 1909 imports were very small.

Witness: The N. K. Fairbanks Co., Milwaukee, Wis. (Brief; no appearance at hearings.)

Costs and selling prices.—At the 1920 rate of import, the proposed duty of one-half cent per pound on tallow would cost the American public \$1,420,000 annually, but as an exportable surplus of tallow is produced, part of this would probably be substituted for that now imported, with a corresponding decrease in revenue and in the amount exported.

PARAGRAPH 706.—SAUSAGE CASINGS.

WITNESS.

FAVORING LOWER DUTIES:

William Trostal & Sons, Scranton, Pa. (Brief; no appearance at hearings.)

Rates suggested.—Sausage casings to remain on the free list. Sausage casings have been free of duty for more than 50 years and the entire sausage industry depends on having this raw material free. A duty on casings would not benefit the farmer, because the intestines in the raw state are an insignificant part of the value of the animal.

Remarks.—Imported sheep casings are necessary for Frankfurter sausages; domestic sheep casings are inferior and insufficient in quantity. Sausage casings produced in the United States, chiefly hog and beef casings, require no protection, since there is a large exportable surplus of them. A duty on casings would mean an addition of about one-half cent per pound on the cost of producing sausage, equivalent to 1 to 2 cents per pound to the consumer. Sausage is the meat of the poorer classes—those least able to pay an increased price caused by a duty. As substantial quantities of sheep casings are used in the manufacture of surgical ligatures, the proposed tax would burden every hospital in the country.

PARAGRAPHS 707-710.—MILK AND MILK PRODUCTS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Brief presented by the New England Dairy Tariff Committee, representing State dairymen's associations, State granges, State agricultural colleges, and the New England Milk Producers' Association.

Mr. Charles D. Holman, representing the National Milk Producers' Federation, 1731 I Street, Washington, D. C.

Mr. George N. Putnam, representing the New Hampshire State Farm Bureau Federation, Concord, N. H.

Brief of the National Milk Producers' Federation.

Mr. John A. Ness, representing the Maine Dairymen's Association, Auburn, Me.

Mr. James A. Lesch, representing the Bennington County Farm Dairy Association, Pawlet, Vt.

Mr. W. H. Brønson, representing the New England Milk Producers' Association, Boston, Mass.

Brief of Mr. W. W. Hovey, general manager the Dairymen's League (Inc.) and the Dairymen's League Cooperative Association (Inc.), Utica, N. Y.

Brief of Mr. Gray Silver, American Farm Bureau Federation, Washington, D. C.

Brief of the Associated Dairymen of California and the California Central Creameries.

Hon. Tasker L. Oddie, United States Senator from Nevada.

FAVORING PROPOSED OR HIGHER DUTIES—Continued.

Mr. O. M. Camburn, representing the New England Dairy Tariff Committee.

Mr. J. R. Morley, representing the Minnesota Dairy Association, Owatonna, Minn.

Mr. A. M. Loomis, representing the National Dairy Union, 630 Louisiana Avenue NW., Washington, D. C.

Mr. R. W. Balderston, representing the Interstate Milk Producers' Association.

FAVORING LOWER DUTIES:

Mr. Theodore P. Grant, representing the Theodore P. Grant Co., Boston, Mass.

Mr. Cornelius A. Parker, representing the Cream Dealers' Association of New England, Boston, Mass.

Hearings: Pages 2782-2800.

Witness: The New England Dairy Tariff Committee. (Brief.)

Costs and selling prices.—The Quebec cost of production of 3.7 per cent milk, delivered in Boston, is 3.45 cents per gallon less than the New England cost. The cost of 36 per cent butter-fat cream is 39.40 cents per gallon less, and of butter, 9.97 cents per pound less.

Size of industry.—The dairy products sold from New England farms in 1919 were valued at over \$94,000,000.

Rates suggested.—For milk, $3\frac{1}{2}$ cents per gallon; for cream, 35 cents per gallon; for butter, 10 cents per pound.

Remarks.—The New England farmer can supply New England's needs in butter and cream. In 1919, when 416,000 gallons of cream were shipped from Canadian points to Boston, the butter produced by New England creameries would have produced 4,500,000 gallons of 36 per cent cream, or 11 times the amount necessary to replace the Canadian shipments.

Hearings: Pages 2745-2751.

Witness: Mr. Charles D. Holman, representing the National Milk Producers' Federation, 1731 I Street, Washington, D. C.

Costs and selling prices.—In April, 1921, the cost of producing 100 pounds of milk in different sections of the United States ranged from \$2.53 to \$3.12, with an average of \$2.80. Costs in Quebec were \$2.37 per 100 pounds, 48 cents below the New England cost. The cost of producing one gallon of cream in Quebec is 40 cents below the New England figure. The cost of producing butter in Quebec is 10 cents lower than in New England, while the cost in Denmark is $12\frac{1}{2}$ to $16\frac{1}{2}$ cents lower than in this country. Butter can be landed in New York from Denmark as cheaply as from Wisconsin.

Rates suggested.—Paragraph 707: Whole milk, sweet or sour, $3\frac{1}{2}$ cents per gallon; cream, sweet or sour, having not more than 20 per centum of butter fat, 15 cents per gallon, for each additional 5 per centum or fraction thereof of butter fat, 5 cents per gallon additional; skim milk, 1 cent per gallon; ice cream mixtures, unfrozen, having not more than 15 per centum of butter fat, 15 cents per gallon, for each additional 5 per centum or fraction thereof of butter fat, 5 cents per gallon additional; frozen, not having more than 15 per centum of butter fat, 9 cents per gallon, for each additional 5 per centum or fraction thereof of butter fat, 3 cents per gallon additional.

Paragraph 708: Milk, condensed or evaporated. In hermetically sealed containers, unsweetened, 1 cent per pound; sweetened, $1\frac{1}{2}$ cents per pound; all other, $1\frac{3}{4}$ cents per pound; whole milk powder, $3\frac{1}{2}$ cents per pound; cream powder, 8 cents per pound; and skimmed

milk powder, 1½ cents per pound; malted milk and compounds of or substitutes for milk or cream, 20 per centum ad valorem.

Paragraph 709: Butter, 10 cents per pound; butter substitutes, 10 cents per pound.

Paragraph 710: Cheese, valued at less than 30 cents per pound, 5 cents per pound; valued at 30 cents or more per pound, 25 per centum ad valorem; cheese substitutes, 5 cents per pound; lactarene or casein, 4½ cents per pound (this article now appears on the free list); all other dairy products not otherwise provided for, 20 per centum ad valorem.

Remarks.—Mr. Holman included in his testimony "A preliminary report of the United States Milk Producers' Dairy Tariff Committee" and a brief of the Associated Dairymen (Inc.), of California.

The United States, in 1920, changed from a net exporting country to a net importing country in its butter trade. Protection is needed to save American standards of living. Protection is also requested against increasing imports of vegetable oils used in butter substitutes and thus displacing butter.

NOTE.—See also pp. 2800-2806 of Schedule 7 (Paragraph 1598—Casein.)

Hearings. Pages 2756-2763.

Witness: Mr. George M. Putnam, representing the New Hampshire State Farm Bureau Federation.

Costs and selling prices.—The average cost of producing 100 pounds of milk by 12 herds in New Hampshire, 1920-21, was \$3.87. The average selling price was \$3.25, a loss of 62 cents per hundred.

Size of the industry.—Dairying is the most important farm industry in New England.

Rates suggested.—Ten cents per pound on butter, and equivalent duties, based on butter-fat content, on milk and other milk products.

Remarks.—In the last 10 years the average of improved land in farms in New England has decreased. Many farms have been abandoned, while the mortgage debt has increased greatly. These are indications of a declining agriculture.

Hearings: Pages 2753-2756.

Witness: National Milk Producers' Federation. (Brief.)

Remarks.—This association of over 200,000 members protests against any attempt to place upon the free list, or near free list, the products of the farmer in order to gain trade from protected industries. The farmer, especially the dairy farmer, stands in great need of protection. With no allowance for investment, farmers are not receiving this year a dollar a day for their labor. It is this paralysis of the home market, caused by the falling away of effective farm demand, that has closed the factories of the country. The association asks a duty on milk and milk products, and on competing vegetable oils and other cheap fats, high enough to protect the dairymen in their most essential field of toil.

Hearings: Pages 2763-2767.

Witness: Mr. John A. Ness, representing the Maine Dairymen's Association, Auburn, Me.

Costs and selling prices.—The average cost per 100 pounds of milk, the product of 17 Maine herds in 1920-21, was \$3.76, while the selling price was \$3.08. Detailed figures, covering all items, includ-

ing depreciation in the value of the cows, showed a net loss of \$38.21 per cow.

Rates suggested.—The witness supports the schedule of rates for dairy products proposed by the New England Tariff Committee.

Hearings: Pages 2767–2775.

Witness: Mr. James A. Leach, representing Bennington County Farm Dairy Association.

Costs and selling prices.—In the year ending July, 1921, the witness had a herd of 43 Holstein cows. The total receipts were \$7,898, while the total expenditures were \$9,904. Feed raised on the farm is charged at market prices. The present price paid for 3.7 butter-fat milk at his shipping station is \$2.855 per 100 pounds (about 6 cents per quart).

Remarks.—Canada and Denmark are the main sources of foreign competition. The French Canadians raise large families, and women and children work in the dairies.

Hearings: Pages 2775–2800.

Witness: Mr. W. H. Bronson, representing the New England Milk Producers' Association, Boston, Mass.

Costs and selling prices.—The average cost of producing 100 pounds of milk in the New England States is \$2.93 (\$0.252 per gallon) compared with \$2.45 (\$0.211 per gallon) in Quebec. Based on milk costs, the cost of producing 1 gallon of cream in New England would be \$2.04 and of 1 pound of butter \$0.55, compared with \$1.64 and \$0.45, respectively, for Quebec. The advantage in transportation costs offsets only a small fraction of the difference in costs. The difference favoring the center of production in New England, as compared with Quebec, is \$0.0065 per gallon on milk, \$0.006 per gallon on cream, and \$0.0003 per pound on butter. The weighted average cost of keeping a cow in the United States is 135 per cent of that in Denmark.

Size of the industry.—Dairying provides the main source of income for the New England farmer. In 1919 the sale of dairy products amounted to \$94,000,000.

Rates suggested.—This association favors the same schedule of rates as Mr. Holman. (Hearings, p. 2747.)

Remarks.—Under the rates proposed in the Fordney bill on milk and cream, it would pay to import cream from Canada for manufacture for butter in the United States rather than to import butter. The gain per gallon in shipping cream would be 21 cents.

Proper protection of dairy products would do much to halt the decline in the number of farms in the New England States, which has ranged from 11 to 24 per cent in the last 10 years.

The standard of living in competing sections in Quebec is lower than in New England, as is shown by the far greater proportion of women and children doing milking.

In 1919 Canada shipped about 1 per cent of Boston's milk supply and 12 per cent of the cream, the largest shipments of cream coming in midsummer.

Hearings: Pages 2806–2808.

Witness: W. W. Hovey, general manager, the Dairymen's League (Inc.) and the Dairymen's League Cooperative Association (Inc.), Utica, N. Y. (Brief.)

Size of industry.—These two associations represent 80,000 actual milk producers owning approximately 1,000,000 dairy cows.

Rates suggested.—Whole milk, sweet or sour, $3\frac{1}{2}$ cents per gallon.

Cream, sweet or sour, having not more than 20 per cent of butter fat, 15 cents per gallon; for each additional 5 per cent or fraction thereof of butter fat, 5 cents per gallon additional.

Skim milk, 1 cent per gallon.

Ice-cream mixtures, unfrozen, having not more than 15 per cent of butter fat, 15 cents per gallon; for each additional 5 per cent or fraction thereof of butter fat, 5 cents per gallon additional; frozen, having not more than 15 per cent of butter fat, 9 cents per gallon; for each additional 5 per cent or fraction thereof of butter fat, 3 cents per gallon additional.

Milk, condensed or evaporated, in hermetically sealed containers, unsweetened, 1 cent per pound; sweetened, $1\frac{1}{2}$ cents per pound; all other, $1\frac{3}{4}$ cents per pound.

Whole-milk powder, $3\frac{1}{2}$ cents per pound.

Cream powder, 8 cents per pound.

Skimmed-milk powder, $1\frac{1}{2}$ cents per pound.

Malted milk and compounds of, or substitutes for milk or cream, 20 per cent ad valorem.

Butter, 10 cents per pound.

Butter substitutes, 10 cents per pound.

Cheese, valued at less than 30 cents per pound, 5 cents per pound; valued at 30 cents or more per pound, 25 per cent ad valorem.

Cheese substitutes, 5 cents per pound.

Lactarene or casein, $4\frac{1}{2}$ cents per pound.

Sugar of milk, $4\frac{1}{2}$ cents per pound.

All dairy products not otherwise provided for, 20 per cent ad valorem.

Remarks.—The country is self-sustaining in dairy products; imports are unnecessary.

There are a number of manufacturing plants just on this side of the border to which Canadian cream or milk can be economically transported for manufacture. This condition necessitates the increases in duties sought on milk, cream, and other products on a basis equal to that provided for butter.

Hearings: Pages 2822-2832.

Witness: Mr. Gray Silver, American Farm Bureau Federation. (Brief.)

Size of industry.—The number of milk cows in the United States increased from 20,625,000 in 1910 to 23,619,000 in 1920, but declined to 23,321,000 in 1921.

Rates suggested.—"The Fordney bill proposes 1 cent per gallon. It may be entirely adequate in the end. One cent on milk and 5 cents on cream would be near enough equivalent. Physical equivalence, assuming 40 per cent on cream, would make 24.4 cents per gallon (on cream) equal to 6 cents per pound on butter." There is more purpose in the method of physical equivalents in the case of cream than of whole milk. But cream will only be shipped across the border for butter making when the price of butter in the United States is sufficiently higher than the Canadian price to justify the business. Even then, the volume of business would be small and

the dairy interests of the country can not afford to ask for the 25 cents per gallon duty on cream which would be necessary to stop such imports.

"I am of the opinion that 6 cents per pound (on butter) is about all that is wise.

"The 5-cent rate (on cheese) is therefore satisfactory.

"The Fordney rates (on evaporated and condensed milk) are 1 and 1½ cents per pound. They are satisfactory.

"The Fordney rates on milk powders are based on equivalents and in proportion to those on condensed and evaporated milk."

Remarks.—The billion pounds of milk imported into the United States in the form of butter, cheese, cream, etc., in the fiscal year 1921, is only 1 per cent of the domestic production.

"There is always a deficit of milk and cream in the New England States. Even though much milk and cream comes from Canada, prices are always considerably higher there than in New York. The effect of a duty will be to raise prices on milk and cream to a still higher level in Boston. * * * But the total effect of the Canadian butter that comes to the United States is practically nothing so far as price is concerned. It is a case of taking a cent or two of local advantage away from a few Canadian dairymen for the sake of an imagined advantage to us."

Hearings: Pages 2800-2806.

Witness: The Associated Dairymen of California and the California Central Creameries. (Supplementary brief.)

Costs and selling prices.—The Northern California Milk Producers' Association reported as an average cost per pound for skim milk powder, in 1920, 11.14 cents; in 1921, 12.81 cents. The California Central Creameries' costs in 1920 were 11.57 cents and in 1921, 8.59 cents.

Size of industry.—In the first six months of 1920, the production of skim milk was 24,953,000 pounds compared with 16,891,000 pounds for the same period in 1920.

Rates suggested.—On skim milk powder, 3 cents per pound.

Remarks.—There are three methods of utilizing skim milk; (1) Feeding to hogs and other stock, (2) manufacturing into skim-milk powder, and (3) manufacturing into casein and sugar of milk. The first method is a very wasteful process.

Theoretically, 8½ to 9 pounds of skim-milk powder should be produced from 100 pounds of milk, but in actual practice the recovery is from 7 to 8 pounds.

The proposed duty of 8 cents per pound on butter is equivalent to 40 cents per 100 pounds on the milk from which it is produced, while the combined duty on cream and skim milk powder equals 22.1 cents per 100 pounds of milk.

Witness: Hon. Tasker L. Oddie, United States Senator from Nevada. (Brief; no appearance at hearings.)

Rates suggested.—Milk, 3½ cents per gallon; cream, 35 cents per gallon; butter, 10 cents per pound; cheese, 5 cents per pound; condensed milk, 2 cents per pound; casein, 5 cents per pound.

Remarks.—Nevada is producing a relatively small surplus of butter, which is shipped to Sacramento. The Sacramento price is de-

pendent on the San Francisco price; which in turn fluctuates with the New York price. The New York price is largely affected by imports of Danish and other butter. There should be an addition to the duty to make up for the difference in exchange.

Hearings: Pages 2832-2840.

Witness: Mr. O. M. Camburn, representing the New England Dairy Tariff Committee.

Costs and selling prices.—It costs 55 cents per pound to produce butter in New England and 45 cents in Quebec. It costs 35 per cent more to produce butter in New England than in Denmark. In 1897, when butter was about 20 cents per pound, a 6-cent duty was put on it. Now prices range from 40 to 50 cents per pound.

Size of industry.—In New England, in 1920, 15,750,000 pounds of butter were produced, about 10 per cent of the consumption. In the same year, the total domestic production was 1,600,000,000 pounds, imports were 19,857,000 pounds, and exports 27,156,000 pounds.

Comparability.—Danish butter is of the very highest quality and the keenest competition comes from that country.

Rates suggested.—Ten cents per pound for butter. Such a rate would be justified by the difference between domestic and foreign costs; also, because of the increase in the price of butter, it would amount to no higher ad valorem than the 6-cent rate in 1897.

Remarks.—The shipping zone in Quebec is from 280 to 300 miles from Boston, while the center of the source for the New England States is the 200-mile zone. Boston cream dealers could get an adequate supply of sweet cream in New England and would not have to go to Canada for it if they would give the dairymen notice long enough beforehand.

Hearings: Pages 2840-2844.

Witness: Mr. J. R. Morley, representing the National Dairy Union, Minnesota Dairy Association.

Costs and selling prices.—The average price of 92 score butter ("extras") in 1920 was 61 cents; Danish butter, duty paid, would average about the same. Demoralization of the New York market in June, 1921, was caused by heavy importations from Denmark and the price went down to 28 cents.

Freight rates favor Danish shippers. For example, the rate from Denmark to New York is \$1.15 per 100 pounds less than that from St. Paul.

Comparability.—Danish butter commands about the same price as 92 score (high-grade) domestic.

Rates suggested.—The witness favors the rates proposed by Mr. Holman (p. 2747).

Remarks.—Canadian cream is not necessary for ice-cream manufacture; domestic sweet butter can be easily substituted. If the price of butter goes up, the rate provided in the emergency tariff (6 cents) would not effectively limit imports.

Hearings: Pages 2845-2857.

Witness: Mr. A. M. Loomis, representing the National Dairy Union. (Brief.)

Costs and selling prices.—Witness submits a table of New York prices for 1920, showing the effect of shipments of Danish butter.

Size of industry.—There are 24,720,000 dairy cows in the United States and 7,857 establishments manufacturing dairy products having a value of over \$1,000,000,000. Half of this is the butter business of the country.

Rates suggested.—Ten cents per pound on butter and equivalent duties on other milk products.

Remarks.—The rate of duty on butter should be the basis of duties on other milk products, because the price of butter is the controlling factor in fixing the prices of the other products. The continuance of considerable imports of butter from Denmark after the passage of the emergency act shows that a 6-cent duty is not satisfactory with present price levels. The comparatively small shipments of butter reaching New York have large results because of the wide influence of New York prices. A duty would protect the market from sudden fluctuations caused by the arrival of foreign consignments.

SUPPLEMENTARY TESTIMONY.

Hearings: Pages 2853–2857.

Witness: Mr. A. M. Loomis, representing the National Dairy Union.

Rates suggested.—Butter, 10 cents per pound.

Remarks.—The tariff is necessary to prevent a disaster to the dairy interests such as has already overtaken a large part of the other industries in agriculture.

During the period of high winter prices, a 6-cent duty would not afford enough protection. Imports are received from the Southern hemisphere during the winter—the period of chief production in that region.

The whole dairy industry in the United States rests on the daily price of butter in New York. Through their effect on this price, imports disproportionately influence the prices of dairy products throughout the country.

The interests of both consumers and producers are best served by stabilizing butter prices.

(The brief presented was previously printed, pp. 2845–2853.)

Hearings: Pages 2808–2821.

Witness: Mr. R. W. Balderston, representing the Interstate Milk Producers' Association, the Philadelphia Interstate Dairy Council, the Pennsylvania State Dairy Council, and the Middle Atlantic Dairy Tariff Committee.

Costs and selling prices.—The cost of transportation of butter from Minnesota, one of the important butter-producing States, to the eastern markets is the same as that from Denmark. The average cost of production of butter in Minnesota for the year ending March 31, 1921, was 42 cents per pound as compared with an average cost in Minnesota of 56 cents, the latter figure being from the State college there.

Rates suggested.—Witness favors the same schedule of duties as Mr. Hovey. (See pp. 2806–2808.)

Remarks.—Danish producers regard England as their legitimate market for bacon and butter. But when the English market is

in such shape that they do not want to demoralize it, they ship their surplus to this country.

The cost of collecting butter in Denmark is low because of the numerous small harbors near the farms.

Hearings: Pages 2740-2744.

Witness: Mr. T. P. Grant, representing the Theodore P. Grant Co.

Costs and selling prices.—Since January 1, 1921, Canadian cream costs the company more, on the average, than New England cream. Freight on Canadian cream costs, at the cheapest rate to any point, from 50 to 75 cents per can. Exclusive of tariff, it costs \$1.50 per can for hauling and icing.

Size of industry.—The witness's firm, wholesale dealers in cream, did a business of about \$750,000 in 1920.

Rates suggested.—The witness would assent to a rate on a commercial cream pasteurized in Canada of 5 or 6 cents a gallon up to 40 per cent butter fat, and taxing the cream coming in sour or sweet for manufacturing into butter at 10 cents.

Remarks.—New England dairymen have specialized more in butter and milk and have not shipped so much cream. As explained elsewhere (p. 2726) a 10-gallon jug contains 82 pounds of 36 per cent cream and 29.5 pounds of butter fat, which will make 35.42 pounds of butter.

Hearings: Pages 2717-2739.

Witness: Mr. C. A. Parker, representing the Cream Dealers' Association of New England.

Size of industry.—In 1915, seven-eighths of the total supply of cream coming into the United States from Canada came over the New England border. The group represented by the witness are dealers specializing in the sale of this cream.

Rates suggested.—While retaining the rate of 5 cents per gallon, as in the bill, he would apply it up to 40 per cent, instead of 30 per cent, butter-fat content. The great bulk of imported cream is between 25 and 40 per cent. A rate of 6 cents per pound on butter is high enough. The selling price of cream does not follow exactly the butter market, although cream is bought on a butter-fat basis.

PARAGRAPH 711.—BIRDS AND POULTRY.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. George Cugley, representing the American Association of Incubator Manufacturers.

FAVORING LOWER DUTIES:

Mr. C. E. Richardson, representing importers of canary birds, Washington, D. C.

Hearings: Pages 2874-2877.

Witness: Mr. George Cugley, representing the Buck-Eye Incubator Co. and the American Association of Incubator Manufacturers.

Size of industry.—The ramifications of the poultry industry take in a good many things beside the immediate producing industry. There are 56 incubator manufacturers, doing an annual business of \$8,575,000. The brooder industry business amounts to about

\$5,000,000. About \$501,000,000 worth of poultry feed is used in the United States. The poultry remedy business amounts to about \$10,000,000 annually; the chicken-crate industry to about \$6,000,000; and the poultry-journal business to \$1,000,000.

Remarks.—Imports of Chinese eggs, in so far as they discourage poultry production, react on these subsidiary industries.

Hearings: Pages 2923-2924.

Witness: Mr. C. E. Richardson, representing importers.

Costs and selling prices.—A male canary during the summer months costs nominally \$3.50 (and a little less during the winter), but in reality more than twice that when freight, feed, and care, etc., are considered.

Rates suggested.—Canary birds, free.

Remarks.—The canary brightens the nursery and cheers the bed-ridden sufferer. The imported canary does not compete with any domestic trade. It is said that 40,000 people derive their living from bird stores and that many would be closed by a 50-cent duty on canaries.

PARAGRAPH 713.—EGGS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Knox Boude, representing the American Poultry Association, Petaluma, Calif.

Mr. Harry Lewis, representing the International Baby Chick Association, Davisville, R. I.

Professor James E. Rice, representing the American Poultry Association, Ithaca, N. Y.

Mr. B. F. Kaupp, representing the North Carolina Department of Agriculture.

Hon. Miles Poindexter, United States Senator from Washington.

FAVORING LOWER DUTIES:

Mr. Ralph D. Ward, representing the Ward Baking Co., New York City.

Mr. C. E. Richardson, representing dealers in frozen and dried eggs.

Mr. John M. Hartley, representing the Retail Bakers' Association of America, Chicago, Ill.

Mr. Eugene H. Hickok, representing the American Association of the Baking Industry, New York City.

Mr. C. Gordon Wilson, representing the Egg Products Association of America.

The International Co., Baltimore, Md. (Brief.)

The Seattle Pacific Shipping and Trading Company. (Brief.)

Hearings: Pages 2858-2866.

Witness: Mr. Knox Boude, representing the American Poultry Association and egg-marketing associations.

Costs and selling prices.—Prices of Chinese eggs in China before the war varied from 2 to 6 cents per dozen. Under pre-war prices of 6 cents per dozen, Chinese eggs could be laid down in San Francisco for 19 cents per dozen. The freight rate from San Francisco to New York is \$3.33 per hundred pounds (about 6 cents per dozen), express is \$6.66 per hundred. Freight from China to San Francisco amount to between 4 and 5 cents per dozen, about 6 cents through the Canal to New York. The rate on train loads from San Francisco to New York is \$2.61 per ton.

Size of industry.—About 1,767,000,000 dozen eggs produced in the United States are marketed each year, while 500,000,000 dozen are

used on the farms. There has been a surplus for export of from 10,000,000 to 40,000,000 dozens per year. The amount paid farmers for eggs was \$782,000,000 and for poultry, \$441,750,000, a total of \$1,223,750,000.

Comparability.—Importers of Chinese eggs are receiving them in better condition all the time. The spoiled ones are removed by candling. Chinese eggs are six weeks and sometimes two months old when they arrive.

Rates suggested.—Eight cents per dozen on shell eggs.

Remarks.—During the first 8 months of 1921, 2,620,640 dozens were imported, also eggs in dried and frozen form aggregating 9,019,000 dozens. Australia, whose season is the opposite of America's, has a prohibitive duty which keeps out eggs from the United States during the surplus season. China is the largest potential producer of eggs in the world; her exports are increasing and protection is asked for the future.

Hearings: Pages 2866-2874.

Witness: Mr. Harry Lewis, representing the International Baby Chick Association and the American Poultry Association.

Costs and selling prices.—The contract price on dried egg runs from \$.90 to \$1 per pound. It takes about 3 dozen Chinese eggs, at 8 to 10 cents per dozen, to make 1 pound of dried egg. Chinese frozen eggs are now being contracted for at about 30 cents per pound.

Rates suggested.—Twenty-four cents per pound on dried eggs and 8 cents per pound on frozen eggs.

Remarks.—In 1920, 25,000,000 to 30,000,000 pounds of dried and frozen eggs were imported, probably one-fifth of which were dried. Beside its use for food, dried egg is used for fixing dyes in cotton cloth and in making medicinal preparations for skin treatment. On account of the lower wages and lower prices of eggs in China, most American egg drying concerns have moved their machinery to that country.

Hearings: Pages 2877-2917.

Witness: Professor James E. Rice, representing the American Poultry Association.

Costs and selling prices.—Egg costs per dozen in 1920 in Indiana, Kentucky, and New York ranged from 37 to 48 cents. Prewar costs were from 25 to 30 cents per dozen, and present indications are that costs will come down to about 27 to 28 cents within a few years. On this basis an 8 or even a 10 cent duty would probably permit imports of eggs, which have sold here apparently at a profit of 15 to 18 cents per dozen.

Size of industry.—More persons are directly engaged in the keeping of poultry than in any other kind of live-stock production or other single agricultural crop. Poultry production equals or exceeds in importance some of the principal farm products in various sections.

Rates suggested.—The rates on various egg products should be in proportion to the quantity and value of each of the commodities, based on the value of shell eggs during the months when the largest number are purchased for drying and freezing. Otherwise, the importer would be able to bring in eggs in the form paying the lowest duty. On the basis of 8 cents per dozen on eggs in the shell, the

following rates are suggested: Frozen or liquid whole eggs, 8 cents per pound; frozen or liquid egg yolks, 8 cents per pound; frozen or liquid egg albumen, 8 cents per pound; dried whole eggs 24 cents per pound; dried egg yolks, 24 cents per pound; dried egg albumen, 24 cents per pound.

Remarks.—The great bulk of imports are in the form of egg products (dried or frozen), rather than eggs in the shell, and come largely from the Orient. In frozen or dried eggs, poorer quality eggs and checked eggs can be used, transportation and storage costs are less, the products are standardized and can be sold under a year's contract.

The problem of the domestic producer is to meet the competition of large American capitalists syndicating the cheap labor and natural resources of China. When conditions of production become more normal and there is less need for imported egg products, there will be a greater tendency for China exports that have been going to London to find an outlet in America.

In contrast to the import trade, American exports consist almost entirely of eggs in the shell, going largely to Cuba and Canada. The Canadian duty is 3 cents per dozen.

The question of dressed-poultry imports is a serious one, as big American capitalists are preparing to go on a large scale into the business of fattening chickens in China and Argentina for marketing in the United States.

This country is producing a surplus of eggs; exports exceed imports, but the importation of millions of dollars worth of cheap Chinese products dropped into this country reduces prices and displaces the same amount of the American product. Imports in the spring of the year, coming onto a falling market, further depress prices out of proportion to the amount imported and make possible a manipulation of the market in favor of the cold-storage men.

As the poultry industry is very sensitive to favorable or unfavorable conditions, the number of birds kept may be greatly changed in a single year. The price of eggs and poultry will thus not remain higher than is necessary to produce sufficient profits to keep poultrymen in the business. Millions of producers and laborers, including farm women, are the ones who will benefit from a tariff.

Hearings: Pages 2917-2923.

Witness: Mr. B. F. Kaupp, representing the North Carolina Department of Agriculture.

Costs and selling prices.—In 1920 the average cost of producing eggs in North Carolina was 30 cents per dozen; it was 26 cents in 1921.

Size of industry.—The southern poultry business is part of the country's billion-dollar poultry industry. Large sums of money have been spent in fostering the industry in the Southern States.

Comparability.—Hens in China scavenge their feed, and there is reliable information to the effect that human excretas form part of the foraged food. So foul and polluted are these eggs that they have been forbidden entry into France.

Rates suggested.—Eight cents per dozen on shell eggs, 8 cents per pound on frozen eggs, 24 cents on dried eggs, 4 cents per pound on live poultry, and 5 cents per pound on dressed poultry.

Remarks.—Most of the domestic poultry money goes to the women and children on the farms, helping to provide for the table and to

clothe and send the children to school. The farmers, the manufacturers of food for the Nation, are entitled to the same protection from competition as other manufacturers.

Witness: Hon. Miles Poindexter, United States Senator from Washington. (Brief; no appearance at hearings.)

Costs and selling prices.—In normal times eggs are produced in China for around 6 cents per dozen. If a duty of 12 cents per dozen were levied, the cost delivered in this country, including a very low freight rate, would be about 20 cents per dozen. Domestic eggs can not be sold with a reasonable profit, normally, for less than 25 cents per dozen.

Size of industry.—Poultry production is one of the greatest industries of the United States, having an annual value of \$1,250,000,000.

Rates suggested.—Twelve cents per dozen on shell eggs; 4 cents on live, and 7 cents on dressed poultry; proportionate increases on other poultry products.

Remarks.—The poultry industry on the Pacific coast has grown to large proportions in the last few years. During the war, the interruptions to imports afforded protection, but now 6 cents per dozen will not be sufficient.

The greatest competitor is China, whose production is at its peak at the same time as the domestic. There is no danger of profiteering in the egg industry, because of the large number of small producers. The chief opposition to adequate protection comes from American investors who have built up the Chinese industry.

Hearings: Pages 2959–2964.

Witness: Mr. Ralph D. Ward, representing the Ward Baking Co.

Costs and selling prices.—The average price of Chinese as well as American frozen eggs is 25 cents per pound. A pound is about equal to a dozen.

Size of industry.—The company produces more than 1,000,000 loaves of bread a day and at least half a million cakes.

Comparability.—Chinese frozen eggs are, if anything, slightly better than those frozen here. The latter are almost entirely from cracked eggs.

Rates suggested.—The company asks a rate of 2 cents per pound on frozen eggs, which is somewhat higher than the present rate.

Remarks.—Cake makers prefer to use frozen eggs because they can contract for their year's supply in the spring and the quality is more uniform than that of storage eggs.

The domestic supply of frozen eggs is inadequate because it pays only to freeze cracked eggs in this country.

The proposed duty of 8 cents would shut out Chinese eggs. This, while increasing the price of domestic frozen eggs, would not benefit the farmer, as the freezing of eggs is in the hands of the big packers.

Hearings: Pages 2964–2966.

Witness: Mr. C. E. Richardson, representing dealers in frozen and dried eggs in the United States.

Rates suggested.—Seven cents per pound on dried whole eggs, dried egg albumen, and dried egg yolk; 2 cents per pound on frozen eggs, not including the weight of the immediate container.

Remarks.—These products are demanded by bakers because the quality and supply are uniform; a year's supply can be contracted

for at a fixed price. The Chinese eggs are wholesome and are inspected by United States Government inspectors. Their importation has made possible a great development in the baking industry. They have not displaced shell eggs.

Hearings: Pages 2926-2929.

Witness: Mr. J. M. Hartley, representing the Retail Bakers' Association of America.

Remarks.—The witness asked permission to file a brief. He said that retail bakers were especially interested in imports of eggs, almonds, filberts, and coconut. The average cost of raw material in cake is 50 per cent of the whole and a large proportion of this is for eggs.

Hearings: Pages 2933-2959.

Witness: Mr. E. H. Hickok, representing the American Association of the Baking Industry.

Costs and selling prices.—Various factors, including ocean and transcontinental freight and additional packing, make up an additional cost of 10 cents per pound in placing Chinese frozen eggs on the eastern United States market. This offsets the cheaper supply of eggs at the source.

Size of industry.—The bakeries of the United States consume annually from 40,000,000 to 50,000,000 pounds of dried and frozen eggs. Of this the cracked and checked eggs from the packing houses in the United States furnish about one-half.

Remarks.—A high duty would not help poultry producers, but would help the large Chicago packers who produce frozen eggs.

Hearings: Pages 2929-2933.

Witness: Mr. C. Gordon Wilson, representing the Egg Products Association of America.

Costs and selling prices.—The present price, without duty, of whole desiccated egg is 35 cents per pound; of desiccated yolk, 25 cents; and of desiccated albumen, 50 cents.

Rates suggested.—Dried egg yolks, 7 cents per pound; whole dried egg, 10 cents; albumen, 12 cents.

Remarks.—The duty should be low enough, so that dried eggs can continue to be imported.

Witness: The International Co., Baltimore, Md., importers and manufacturers. (Brief; no appearance at hearings.)

Rates suggested.—The company protests against "the proposed exorbitant duty on dried eggs, amounting to between 400 and 500 per cent."

Remarks.—Dried-egg products do not compete with shell eggs, since they can not well be used in the household. The proposed duty would not benefit the farmer but would constitute a heavy burden on the cake industry.

Witness: The Seattle Pacific Shipping & Trading Co. (Brief: no appearance at hearings.)

Rates suggested.—The brief is a protest against the proposed duties on egg products.

Remarks.—The Chinese trade in eggs runs close to \$100,000,000 annually, about one third of which comes to this country. This is the basis of a large amount of commerce with China.

The contention that the American poultryman needs protection is fallacious. His best customer is the skilled artisan, whose interests are tied up with the export trade.

PARAGRAPH 715; ALSO 1507 OF SCHEDULE 15.—BLACK OR SILVER FOXES.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING LOWER DUTIES:

Mr. F. E. Muzzy, representing the live silver and black fox growing industry; address, Springfield, Mass.

The Royal Silver Black Fox Co., Muskegon, Mich. (Brief.)

Hearings: Page 2969-2977.

Witness: Mr. F. E. Muzzy, Springfield, Mass.

Costs and selling prices.—Breeding foxes range in value from \$500 to \$3,000 per pair. Pelts range from \$100 to \$1,000 each.

Rates suggested.—The proposed duty of \$350 per head would cut down imports to not more than 200, which would mean not more than \$70,000 revenue. The witness desired especially that the Fordney bill exemption of silver foxes from the provision for free importation of breeding animals be dropped, and claimed that 75 per cent of the breeders want free importation of breeding animals. Heretofore, silver foxes have come in under the provision for "all other animals." They could not be brought in free as breeding animals, because no Canadian studbook was recognized by the Department of Agriculture. It seems likely that a studbook will soon be recognized, enabling breeding animals to be imported free under the act of 1913. Witness would drop all special provision for silver or black foxes and classify them with "all other animals," the proposed duty on which is 15 per cent.

Witness: Royal Silver Black Fox Co., Muskegon, Mich. (Brief; no appearance at hearings.)

Costs and selling prices.—Foxes bring up to \$2,000 to \$2,500 per pair when sold for future delivery with one year of free ranching and a guarantee of an increase of at least 100 per cent in the stock, through breeding, prior to delivery.

Rates suggested.—Breeding foxes to be admitted free.

Remarks.—The proposed duty of \$350 per fox is at least 100 per cent on the average selling price. Fully 90 per cent of the animals are sold to gullible, inexperienced people by unscrupulous dealers.

Good breeding foxes are needed in this country; those advocating the proposed tax are a few breeders serving their selfish interests. The Government should prohibit the importation of foxes for breeding or other purposes unless they measure up to high standards of excellence.

PARAGRAPHS 718-720.—FISH.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Hon. Dan A. Sutherland, a Delegate in Congress from the Territory of Alaska, representing Alaskan fisheries.

Mr. Nathan D. Thomas, representing the Pacific Cured Fish Association, Alaska.

FAVORING LOWER DUTIES:

Mr. George E. Willey, representing the Boston Fish Commission Dealers' Association and other salt-fish dealers' associations, Boston, Mass.
 Mr. J. L. Fawcitt, Irish trade commissioner to America, representing the Irish salt-fish industry.

S. H. Levin's Sons, Importers, Philadelphia, Pa. (Brief.)
 The Norwegian Minister to the United States. (Brief.)

REQUESTING RECLASSIFICATION:

Hon. Frederick Hale, United States Senator from Maine, representing the herring packers of Maine.

Hon. Wesley L. Jones, United States Senator from Washington.

The Foreign Commerce Association of the Pacific Coast, San Francisco, Calif. (Brief.)

Mr. H. C. Strong, representing the Commercial Club of Ketchikan, Ketchikan, Alaska.

Witness: Hon. Dan A. Sutherland, representing Alaskan fisheries.
 Hearings: Pages 3007-3013.

Costs and selling prices.—The average price of halibut in 1920 at Seattle was 17½ cents per pound. This is the highest-priced deep-sea fish on the American market.

Size of industry.—In 1920, the Pacific coast produced about 50,000,000 pounds of halibut; the Atlantic coast about 4,000,000 pounds.

Rates suggested.—That duties in paragraph 720 remain as proposed and that halibut, fresh, frozen, or packed in ice be dutiable at 2 cents per pound.

Remarks.—The witness asks for an administrative provision which would confine the privilege of shipping in bond to the United States to United States fishermen.

Hearings: Pages 2991-2993.

Witness: Mr. Ashton W. Thomas, representing the Pacific Cured Fish Association, operating in Alaska.

Costs and selling prices.—Freight from Alaska to Seattle is \$1.50 per barrel and from there to Boston, in refrigerator cars, \$6.50 per barrel. Prices range from \$15 to \$17 per barrel of 250 pounds.

Size of industry.—There are six plants in Alaska, employing about 500 persons, with an investment of about \$1,000,000.

Rates suggested.—Two cents per pound on the net weight of fish or 1½ cents on the gross weight. This duty is necessary for the continued existence of this new industry.

Hearings: Pages 2993-3003.

Witness: Mr. George E. Willey, representing the Boston Fish Commission Dealers' Association and other salt fish dealers' associations, Boston, Mass.

Costs and selling prices.—The average price of a barrel of herring is \$8 and of mackerel \$12.70.

Size of industry.—Approximately \$9,000,000 worth of pickled mackerel and herring is produced annually.

Comparability.—At times, Alaskan herring sells for more than the imported.

Rates suggested.—One cent per pound on mackerel and codfish and one-half cent on herring. The duties in the Fordney bill are regarded as prohibitive, the proposed rates on mackerel and herring, for instance, ranging from 42½ to 67½ per cent ad valorem. These pickled fish are largely the food of the poor, and it is proposed, under the bill, to subject them to higher duties than those on food luxuries. The

United States can not produce enough fish of the required sort to supply the demand.

Hearings: Pages 2989-2991.

Witness: Mr. J. L. Fawsitt, Irish trade commissioner to America, representing the Irish salt-fish industry. (Brief.)

Remarks.—American supplies of native salted mackerel and herring are inadequate to meet the large domestic demand. Ireland is an important source of this food, which is mainly consumed by the working classes. A duty would restrict imports, increase prices, and discourage the growing Irish trade with the United States. The Irish fishing industry is declining, with fewer persons and boats now employed and an annual catch very much smaller than a decade or more back.

Witness: S. H. Levin's Sons, importers, Philadelphia, Pa. (Brief; no appearance at hearings.)

Rates suggested.—Salt mackerel and herring to be put on the free list. The highest duty which the trade can stand is the 1 cent per pound on mackerel and three-quarters cent on herring provided in the act of 1909.

Remarks.—The proposed duties on salt fish would amount to almost 100 per cent ad valorem. Such a high duty would ruin the industry. The duties proposed are also far too high for revenue purposes.

Witness: The Norwegian Minister to the United States, letter transmitted by Hon. Charles E. Hughes, Secretary of State. (Brief; no appearance at hearings.)

Rates suggested.—The writer desires that salt fish remain on the free list.

Remarks.—The United States produces only a part of the salt fish necessary to supply the demand; domestic production will always be limited because of its nature. Salt fish is a necessary food for the working classes.

The proposed duties are such as to make importations from Norway practically impossible.

Hearings: Page 3014.

Witness: United States Senator Frederick Hale, representing some of the herring packers of Maine.

Rates suggested.—The witness proposed to change the wording of paragraph 719 as follows:

On line 3, page 88, after the words "ad valorem," insert the words "smoked herring, skinned or boned, 2½ cents per pound." In line 5, page 88, strike out the words "herring skinned," so that the paragraph will read:

Salmon, pickled, salted, smoked, kippered, or otherwise prepared or preserved, 25 per cent ad valorem; finnan haddie, 25 per cent ad valorem; smoked herring, skinned or boned, 2½ cents per pound; fish, dried, salted, or unsalted, 1½ cents per pound; fish, skinned or boned, in bulk or in immediate containers, weighing with their contents more than 30 pounds each, 2½ cents per pound, including the weight of the immediate container with the contents.

Remarks.—The witness described this as "a technical correction" but appeared to agree with Senator Smoot, of the committee, that "really it is lowering the duty from what the House has."

Witness: The Foreign Commerce Association of the Pacific Coast, San Francisco, Calif. (Brief; no appearance at hearings.)

Comparability.—The Japanese canned crab meat is of the species called "Taraba," found only in Japanese waters. American crab meat is served only fresh, the meat being too soft and the season being too short for canning. There is no competition between the American fresh crab and the Japanese canned product.

Rates requested.—The association desires that crab meat be placed on the free list or that, at least, the duty be reduced to a reasonable basis.

Remarks.—The proposed duty is too high for revenue purposes.

Hearings: Pages 2980–2983.

Witness: Hon. Wesley L. Jones, United States Senator from Washington.

Rates suggested.—The following substitute is suggested:

"Paragraph 718. All halibut, salmon, swordfish, and sablefish, fresh, frozen, or packed in ice, 2 cents a pound: *Provided*, That no halibut, salmon, or sablefish, fresh, frozen, or packed in ice, taken from the North Pacific Ocean or its tributary waters, shall be admitted into the United States through a foreign country, unless same shall be in bond from an American port. All other fish, fresh, frozen, or packed in ice, not specially provided for, 1 cent a pound."

Insert a new paragraph after paragraph 718:

"Halibut and salmon from the waters of the North Pacific Ocean, fresh, frozen, or prepared, for shipment at or shipped from a foreign port, 3 cents per pound."

Remarks.—Canadian authorities have put into effect all sorts of restrictions and discriminations through their orders in council against American fishermen and American fish, with the avowed purpose of diverting the business to Prince Rupert and then sending the fish over the Grand Trunk Railway to eastern markets. The purpose of this amendment is to protect and keep under the American flag the fishing ships in the North Pacific and to encourage the shipping of fish over American railroads.

This request is supported by memoranda from the Seattle Chamber of Commerce and the Commercial Club of Ketchikan.

Hearings: Pages 2983–2988.

Witness: Mr. H. C. Strong, representing the Commercial Club of Ketchikan, Alaska.

Size of industry.—During 1920, 258 fishing boats of American registry operated out of Prince Rupert, Canada.

Comparability.—Fish found off the coast of Alaska are of the highest quality found anywhere in the world.

Rates requested.—The witness desires that the following amendment to the fish paragraphs be adopted:

Provided, That no fresh or frozen fish taken from the North Pacific Ocean or tributary waters shall be admitted into the United States through any foreign country except when the same shall be in bond from an American port.

Remarks.—Prince Rupert is the market place for the Alaskan fishing industry. This is due to a combination of geographical and commercial circumstances, together with the support and intense interest of the Canadian government. Passage of the above proposed provision would transfer this American industry from Canada to Alaska.

Alaskan ports have all the facilities for handling these fish and preparing them for the market.

Statements favoring protection of the Alaskan fishing interests were submitted from Gov. Bone, of Alaska, from Mr. Herbert Hoover, United States Secretary of Commerce, and from the Commercial Club of Ketchikan, Alaska.

PARAGRAPH 722.—CRAB MEAT.

WITNESSES.

FAVORING PROPOSED OR HIGHER DUTIES:

Letter from the Stuart Co. (Inc.) to Hon. Wesley L. Jones, Senator from Washington.

Memorandum of John N. Cobb, director, College of Fisheries, University of Washington.

FAVORING LOWER DUTIES:

Japanese importers of crab meat. (Brief.)

Hearings: Page 3016.

Letter from the Stuart Co. (Inc.) to Hon. Wesley L. Jones, Senator from Washington.

Costs and selling prices.—Wages are a large part of the cost in producing canned crabs; Washington and Oregon packers are handicapped by costs higher than Japanese.

Size of industry.—Alaska can produce 500,000 cases of canned crab meat annually, which is considerably in excess of domestic requirements. In the first 10 months of 1920 imports of Japanese crab meat were valued at over \$2,000,000. Several Washington and Oregon packers are struggling to build up the industry.

Comparability.—Only the meat from the Dungeness type of crab is used, while the Japanese use the large spider crab, which is larger and much coarser in texture.

Rates suggested.—On crab meat, 26 per cent ad valorem.

Hearings: Pages 3016–3019.

Witness: John N. Cobb, director, College of Fisheries, University of Washington. (Brief.)

Costs and selling prices.—The declared value of imports of crab meat during 1920 averaged 53 cents per pound. The retail price in Seattle markets in October, 1921, was 60 cents.

Size of industry.—While domestic production at present is not large enough to supply the demand, given protection from Japanese imports it soon would be. There are three canneries in operation in Alaska and three more building. Canneries in Oregon and Washington have canned crabs and under a favorable tariff will again do so. Domestic waters could produce annually 500,000 cases or more of Dungeness crab meat without depleting the supply.

Comparability.—The spider crab, the one canned in Japan, is noted for the pinkness of the claw meat, which makes it especially good for garnishing dishes. The Dungeness crab is found in abundance off the Alaskan coasts, and in Washington and Oregon waters. The spider crab is found in deeper water. The blue crab is packed on the eastern coast.

Rates suggested.—Twenty-six per cent ad valorem on crab meat.

Remarks.—If domestic production were stimulated, American business interests would benefit more than from the imports.

Witnesses: Japanese importers of crab meat. (Brief transmitted at the request of the Japanese ambassador.)

Costs and selling prices.—The October, 1921, prices were \$7.25 per dozen 1-pound cans of lobster as compared with \$4 for canned crab meat.

Rates suggested.—The importers desire that imported crab meat remain on the free list.

Remarks.—Lobster, which is in the same class as crab meat, was left on the free list. The proposed duty on crab meat is prohibitive.

PARAGRAPHS 724, 731, AND 778.—BUCKWHEAT AND BRAN.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING LOWER DUTIES:

Mr. C. M. Cox, representing the St. Albans Grain Co., St. Albans, Vt.

Hearings: Pages 3019–3026.

Costs and selling prices.—In October, 1921, the price of bran in Dakota was \$9 per ton, while it was \$20 in New England.

Size of industry.—Production of buckwheat in 1920 was 13,789,000 bushels, while imports were 227,000 bushels.

Rates suggested.—Ten cents per 100 pounds on buckwheat and bran; \$2 per ton on hay and 50 cents per ton on straw.

Remarks.—In New England, buckwheat is used principally as feed for hens.

Bran comes in from Canada when the mills are running only part time and the domestic supply is inadequate.

An ad valorem rate, based on values at the point of entry, would be unfair because of the great difference in eastern and western prices. Such a rate would cause much litigation.

PARAGRAPH 726.—MACARONI.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. B. R. Jacobs, representing the National Macaroni Manufacturers' Association. Washington, D. C.

The Jefferson Macaroni Co., Reynoldsville, Pa. (Brief.)

The Connellsville Macaroni Co., Connellsville, Pa. (Brief.)

Hearings: Pages 3026–3035.

Witness: Mr. B. R. Jacobs, representing the National Macaroni Manufacturers' Association, Washington, D. C.

Costs and selling prices.—A recent quotation on first-grade macaroni was 5.6 cents duty free in New York. In 1920 conversion cost in eastern United States was 3.98 cents per pound as compared with 1.65 cents in Italy. Wages in Italy are 70 to 80 cents per day as compared with \$6 to \$7 here. Domestic macaroni sells for about 8 cents per pound.

Size of industry.—In 1920 450,000,000 pounds of macaroni, valued at \$45,000,000, were produced in the United States. The investment in the business is about \$16,250,000 and wage earners number 12,000.

Comparability.—Although domestic macaroni is just as good as the imported, Italian macaroni, because of its reputation, commands a price premium of 3 cents per pound. Italians accept the domestic as a substitute for the imported only when it is impossible to get the latter.

Rates suggested.—On macaroni, 3.5 cents per pound; on noodles, 4 cents per pound.

Remarks.—The Italian embargo has not been removed long enough to allow the present strength of Italian competition to be apparent.

Witness: The Jefferson Macaroni Co., Reynoldsville, Pa. (Brief; no appearance at hearings.)

Rates suggested.—A duty of 3 to 3½ cents per pound on macaroni is necessary to protect the industry.

Remarks.—The industry, which was greatly expanded during the war, when imports were cut off, is now threatened by large imports from Europe.

Witness: The Connellsville Macaroni Co. (Brief; no appearance at hearings.)

Rates suggested.—A duty of 3½ cents per pound on alimentary pastes is absolutely just.

PARAGRAPH 730.—WHEAT, AND WHEAT PRODUCTS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. W. O. Hamilton, president of the New York State Millers' Association, Caledonia, N. Y.

Mr. James F. Bell, representing the Washburn-Crosby Co., Minneapolis, Minn.

Mr. L. E. Moses, president of the Southwestern Millers' League, Kansas City, Mo.

Mr. A. P. Husband, representing the Millers' National Federation, Chicago, Ill.

Hon. Edwin F. Ladd, United States Senator from North Dakota.

REQUESTING RECLASSIFICATION:

Mr. A. L. Goetzman, representing the Millers' National Federation, Minneapolis, Minn.

Hearings: Pages 3059-3060.

Witness: Mr. W. O. Hamilton, president of the New York State Millers' Association, Caledonia, N. Y.

Rates suggested.—On a 196-pound barrel of flour, four and one-half times the duty on a bushel of wheat, plus 50 cents.

Remarks.—The mills in the State of New York have a capacity of about 60,000 barrels per day. Under the operation of the emergency tariff act all of them are substantially out of business except one unit operating on bonded wheat.

Hearings: Pages 5068-5099.

Witness: Mr. James F. Bell, representing the Washburn-Crosby Co., Minneapolis, Minn.; also a number of northwestern and Illinois mills and the New York Millers' Association.

Rates suggested.—The witness is not interested in whether or not duties are put on wheat and flour. American millers are ready to compete with the world on an equal basis. But if a duty is put on

wheat, the millers want a compensatory duty on flour. The rate on flour per barrel of 196 pounds should be five to six times that on a bushel of wheat, or four and one-half times plus 50 cents per barrel.

Remarks.—The witness's testimony is concerned chiefly with Title III, sections 314 and 316, dealing with drawback and bonding special provisions. The above reference is included as bearing upon the general question of flour and wheat duties.

Hearings: Pages 3039-3045.

Witness: Mr. L. E. Moses, president of the Southwestern Millers' League, Kansas City, Mo.

Cost and selling prices.—High-grade flour of southwest hard wheat sells for \$6.25 per barrel, packed and delivered in New York. Kansas City patent flour is worth about \$7 a barrel by the sack. This is the flour sold in the United States and has to return the profit derived from the entire product, as there is not a miller in the United States who figures any profit on "feed." The lower grades of flour are exported to Europe, at prices in competition with foreign mills—whatever can be got.

Rates suggested.—On a 196-pound barrel of flour, four and one-half times the duty on 1 bushel of wheat plus 50 cents. A specific duty on by-products is also desired. An ad valorem duty would protect American wheat, subject as it is to fluctuations, better than a specific duty if the "feed" is protected by a specific duty. On the basis of computations laid before the committee, the witness arrived at the figure of \$1.21½ as the proper duty on a barrel of flour and \$1.51 on patent flour requiring 6 bushels and 2 pounds of wheat for its production.

Remarks.—Some flour sent to the United Kingdom is high grade compared with other export flour. About 50 per cent of the flour going to the United Kingdom is what is there termed "a patent" but here termed "a straight." Fifty per cent is made as an offal from what American people consume.

Of the 100 per cent flour, an average of about 75 per cent of the best part is put into flour for American consumption.

The additional 50 cents duty proposed is protective, not prohibitive.

The export milling business allows the miller to keep down his overhead; thus it pays even though he derives no direct profits from that source.

Under the emergency tariff (35 cents per bushel on wheat and 20 per cent ad valorem on flour) the valuation taken was that at the Canadian mill. This resulted in a bushel of wheat imported in the form of flour paying a duty of 18 cents as against 35 cents if imported as wheat.

Until Canadian flour came in, the mills were running 90 per cent capacity, and after that only 62 per cent.

Hearings: Pages 3045-3055.

Witness: Mr. A. P. Husband, representing The Millers' National Federation, Chicago, Ill.

Costs and selling prices.—In November, 1921, Canadian flour sold in Boston, duty paid, for \$7.50, or 80 cents to \$1 below what American flour sold for.

Size of industry.—The milling industry is fourth in importance in the United States.

Rates suggested.—The federation favors a specific duty on both wheat and flour and desires that the specific duty on a barrel of 196 pounds of flour be four and one-half times the specific duty on one bushel (60 pounds) of wheat plus 50 cents.

Remarks.—On an average, nearly 5 bushels of wheat are required to produce a barrel of flour.

The emergency act duty of 20 per cent ad valorem on wheat products, compared with 35 cents per bushel on wheat, has not given sufficient protection and has allowed considerable imports of flour.

By means of lower rates on flour from the Shipping Board, the millers are able to ship to all parts of the world. Some soft wheat for crackers goes to Canada.

The average miller does not figure on making any profits on his export business. The increased production allows him to keep down his overhead.

The American trade demands the highest grade flour, while the export trade takes lower grades.

Hearings: Pages 3061–3071.

Witness: Hon. Edwin F. Ladd, United States Senator from North Dakota.

Rates suggested.—The proposed duty on flour is not high enough in relation to the duty on wheat. It should be raised to 65 cents per 100 pounds.

Hearings: Pages 3036–3038.

Witness: Mr. A. L. Goetzman, representing the Millers' National Federation.

Rates suggested.—A duty to be put on flour equivalent to that on wheat. The proposed rates of 25 cents per bushel on wheat and 50 cents per hundred on flour would be a discrimination against flour of 51 cents per barrel, since it takes 6 bushels and 2 pounds of wheat to make a barrel of family patent flour. To make a barrel of "100 per cent flour," $4\frac{1}{2}$ bushels of wheat are required. The witness asked for a duty of 25 per cent ad valorem on wheat flour, semolina, crushed or cracked wheat, bran, shorts, and middlings against protection of 25 cents per bushel on wheat.

PARAGRAPHS 735 AND 736.—APPLES AND BANANAS.

WITNESS.

FAVORING LOWER DUTIES:

The American Fruit and Vegetable Shippers' Association, Chicago, Ill.
(Brief; no appearance at hearings.)

Rates suggested.—Crab apples and bananas to be put on the free list. Very few crab apples are produced in the United States for commercial purposes, and practically all of the carload movement of crab apples comes from British Columbia.

As no bananas are produced in this country there is no occasion for protection of an American industry. Large quantities of bananas are consumed by workingmen who are least able to pay a duty.

PARAGRAPH 736.—BANANAS.

WITNESS.

REQUESTING RECLASSIFICATION:

The British ambassador, letter transmitted by Hon. Charles E. Hughes, Secretary of State. (Letter of August 16, 1921, in the interests of Jamaica.)

Size of industry.—Jamaica is normally the largest banana producing country and produces one-third of the world's consumption.

Rates suggested.—If a final decision is made to impose a duty on bananas, the Government of Jamaica trusts that it will be levied pro rata on count bunches instead of as a flat rate per stem, regardless of weight and size.

Remarks.—The stems of Jamaica bananas are small compared with those shipped from other countries. They are divided into four classes:

(a) Payable bunches, the average weight being only 48 pounds, as compared with 70 pounds, the weight of a payable bunch grown in Central America.

(b) Bunches having eight hands, counted by the trade as being three-fourths of a bunch.

(c) Bunches having seven hands, counted as one-half of a bunch.

(d) Bunches having six hands, counted as one-fourth of a bunch.

Jamaica is the only banana-producing country in which internal competition is maintained to the resultant benefit of the consumer.

The cordial trade relations between the United States and Jamaica should not be disturbed.

PARAGRAPH 737.—BERRIES.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Edwin M. Frye, representing Maine blueberry producers, Harrington, Me.

Hearings: Pages 3073-3075.

Costs and selling prices.—The average price of blueberries for the last three years has been 16 cents per quart as compared with 6 and 7 cents in 1909. In 1920, canned blueberries sold at \$9.50 per dozen No. 10 cans as compared with \$4.50 in 1909.

Size of industry.—The estimated value of canned blueberries in three Maine counties in 1920 was \$1,440,000. The farmers are just learning to cultivate blueberries successfully.

Rates suggested.—The witness asks for 25 per cent ad valorem on canned blueberries and 1½ cents per pound on the raw.

Remarks.—A bushel of blueberries weighs 42 pounds, and the proposed duty of 1 cent per pound is equivalent to 1½ cents per quart. The price has increased since 1909, so that the ad valorem equivalent of the proposed duty on raw berries is less.

Canadian berries are raised on Crown lands on which no stumpage is charged, while blueberry land in Maine varies in value from \$4 to \$100 per acre.

PARAGRAPH 738.—CHERRIES.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Hon. Wesley L. Jones, United States Senator from Washington.

FAVORING LOWER DUTIES:

Mr. James A. Rheinstrom, representing the Rheinstrom Bros. Co., Cincinnati, Ohio.

Hearings: Page 3076.

Witness: Senator Jones, of Washington.

Rates suggested.—On cherries, fresh or in brine, 2 cents per pound.

Hearings: Pages 3076–3078.

Witness: Mr. J. A. Rheinstrom, representing the Rheinstrom Bros. Co.

Costs and selling prices.—In February, 1921, the price of imported preserved Italian cherries was \$3.25 per gallon in 50-gallon barrels.

Comparability.—Foreign cherries are smaller and have a special demand.

Rates suggested.—The witness opposes the proposed duty of 1½ cents per pound on raw cherries—the raw material of his industry—and suggests a duty on the finished article of 1 cent per pound and 35 per cent ad valorem, as in the Payne-Aldrich Act.

Remarks.—It is claimed that a duty on the raw material will make it impossible to manufacture maraschino cherries in this country in competition with imports of the finished product. Manufacturers are unable to obtain domestic cherries of the smaller varieties, which can be used to better advantage.

PARAGRAPHS 740, 745, 746, 748, AND 749.—PRESERVED FRUITS.

WITNESS, AND INTEREST REPRESENTED.

FAVORING LOWER DUTIES:

Mr. Mario Narizzano, representing the Causse Manufacturing & Importing Co., packers of glacé fruits, Boundbrook, N. J.

Hearings: Pages 3078–3080.

Costs and selling prices.—French glacé cherries are being imported and sold at 25 cents per pound. This is at least 7 cents below the American cost of production.

Size of industry.—The company's plant employs from 75 to 100 persons.

Rates suggested.—Fruits in brine to be put on the free list and a duty of at least 1 cent per pound plus 35 per cent ad valorem to be put on prepared fruits.

Remarks.—The witness indorses the stand of Mr. J. A. Rheinstrom on cherries. The American glacé fruit industry was able to survive under the duties of the 1913 act only because of European war conditions.

PARAGRAPH 740.—CITRON AND CITRON PEEL, ORANGE AND LEMON PEEL, CRUDE OR IN BRINE.

WITNESS, AND INTERESTS REPRESENTED.

REQUESTING RECLASSIFICATION:

Mr. R. U. Delephena, representing R. U. Delephena & Co. and La Manna, Azena & Farnan, New York City.

Hearings: Pages 1230-1231.

Witness: Mr. R. U. Delephena, representing R. U. Delephena & Co. and others.

Rates suggested.—The witness pointed out that citrons are shipped in a saline solution and when dried and ready for use have shrunk 20 per cent. Consequently, a differential of at least 4 cents per pound between the crude and the finished product is requested, to retain the preparation of the finished product in this country. The witness thinks that paragraph 740 was intended to read:

Orange and lemon peel, crude or in brine, 2 cents per pound; candied or otherwise prepared or preserved, 4 cents per pound.

PARAGRAPH 742.—GRAPES.

WITNESS, AND INTEREST REPRESENTED.

FAVORING LOWER DUTIES:

The New York Fruit Exchange. (Brief; no appearance at hearings.)

Rates suggested.—Almeria grapes are imported from Spain in air-tight barrels containing about 40 pounds. The cost of production and delivery in New York is about \$4 per barrel. It is urged that a higher duty would restrict imports. The consumer would be forced to pay luxury prices for an article now within reach of the masses.

Remarks.—The foregoing summarizes the reference to grapes in a lengthy discussion of imported vegetable foodstuffs generally.

PARAGRAPH 742.—CURRANTS.

WITNESSES.

FAVORING LOWER DUTIES:

The Dried Fruit Association of New York. (Brief.)

The W. H. Marvin Co., Urbana, Ohio. (Brief.)

Witness: The Dried Fruit Association of New York. (Brief; no appearance at hearings.)

Size of industry.—Experiments in growing currants in California and in the Southern States have met with so little success that buyers have been unable to obtain samples and prices.

Rates suggested.—A reasonable increase in duty would be one-half cent per pound; anything more would mean a duty equal to 50 per cent ad valorem if currants should go back to their prewar price of 4 cents per pound.

Remarks.—The same rate should apply to currants imported in their original condition and to "Greek cleaned." The latter also have to be recleaned in the United States.

Hearings: Pages 3080-3081.

Witness: The W. H. Marvin Co., packers of cleaned currants and mincemeat, Urbana, Ohio. (Brief.)

Costs and selling prices.—The present price of currants, c. i. f. New York, is 10 to 15 cents per pound compared with a prewar price of 4 to 6 cents.

Size of industry.—Currants are not successfully grown in the United States, although attempts to grow them have been made in California and in the Southern States.

Rates suggested.—On raisins, 3 cents per pound; on currants, in original condition, 1½ cents per pound; cleaned, in bulk packages, 2 cents per pound; cleaned, in cartons or shelf packages, 3 cents per pound.

Remarks.—The duty on cleaned currants should be higher than on uncleaned; that on package goods should be still higher in order to protect domestic cleaners and packers.

Since, in contrast to the case of raisins, there is no domestic currant growing industry to protect, the duty on currants should be lower than on raisins. Currants, as well as raisins, are necessary for satisfactory mincemeat, plum pudding, fruit cake, etc.

The proposed 2½ cents per pound will be prohibitive if currant prices recede to the pre-war basis.

PARAGRAPH 743.—LEMONS.

INTEREST REPRESENTED.

FAVORING LOWER DUTIES:

Brief presented by the New York Fruit Exchange.

Hearings: Pages 3084-3088.

Costs and selling prices.—The average delivery cost of imported lemons from Sicily to New York is \$1.48 per box and to Indianapolis \$2.30. At present (August 29, 1921) California lemons are selling at from \$4.50 to \$5 per box and imported lemons at from \$2.50 to \$3.50 per box.

Rates suggested.—The exchange opposes the proposed increase in duty from 1½ cents to 2 cents per pound as giving California producers a monopoly and allowing them to fix high prices. The duty should not be increased above 75 cents per box.

PARAGRAPH 743.—GRAPEFRUIT.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING LOWER DUTIES:

Mr. John D. Potts, representing the Isle of Pines Citrus Fruit Growers, Glen Ridge, N. J.

The Isle of Pines Chamber of Commerce, Nueva Gerona, Isle of Pines, West Indies.

Hearings: Pages 3089-3094.

Witness: Mr. John D. Potts.

Costs and selling prices.—In 1920 the growers' cost of grapefruit delivered in New York was \$4.21 per box. In the same year, the New York price was \$4.85½ per box, leaving a margin of 64½ cents to cover fertilizer and labor in orchard.

Size of industry.—Over \$100,000 invested by one American in one orchard. The total American investment exceeds \$2,000,000.

Rates suggested.—The proposed duty, allowing for the 20 per cent Cuban reciprocity deduction, equals 56 cents per box, which would act as an embargo.

Remarks.—The duty on grapefruit is not needed to protect domestic growers in Florida, because the bulk of the imports comes in during August, September, and early October, before Florida begins to ship in quantities. The Florida producers have a considerable advantage in freight rates to New York and Chicago.

Witness: The Isle of Pines Chamber of Commerce, Nueva Gerona, Isle of Pines, West Indies. (Brief; no appearance at hearings.)

Costs and selling prices.—In 1920, the cost of picking, packing, freight to New York, and duty averaged about \$3.75 per box. The cost of raising is 75 cents per box and the average commission 35 cents, making a total cost of \$4.85. The average selling price in 1920 was \$3.50 per box, showing a loss of \$1.35 per box.

Size of industry.—In 1920, Florida shipped 5,000,000 boxes of grapefruit as compared with 200,000 from the Isle of Pines and about the same amount from Cuba.

Rates suggested.—The brief protests against the proposed duty of 1 cent per pound, which would mean an increase from 28 to 80 cents duty per box.

Remarks.—The Isle of Pines and Cuba grapefruit is shipped from six weeks to two months before the Florida crop. As soon as Florida begins to ship, the Isle of Pines stops shipping on account of the duty and high freight.

The proposed duty will be prohibitive, so that no revenue will be derived from it.

PARAGRAPH 743.—LIMES.

WITNESS.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. William J. Matheson, New York. (Brief; no appearance at hearings.)

Costs and selling prices.—In Florida, wages are \$2.50 and \$3 per day and other things in proportion. The growers in the West Indies, the principal source of imported limes, pay on an average 25 cents per day or less. Their water transportation is cheaper than domestic rail transportation.

Rates suggested.—On limes, 2 cents per pound.

Remarks.—If a duty of 2 cents per pound on lemons is justifiable, an equal duty on limes is much more so. That rate would not be prohibitive, but would help Florida growers to reduce their present losses.

PARAGRAPH 744.—OLIVES.

WITNESS. AND INTEREST REPRESENTED.

FAVORING LOWER DUTIES:

Mr. H. C. Newcomb, representing the Spanish Green Olive Importers' Association.

Hearings: Pages 3094–3098.

Rates suggested.—The rate on green olives in brine should not exceed 15 cents per gallon, having regard to the welfare of the

domestic packing industry and the aim to produce the greatest revenue.

Remarks.—There is no domestic industry able to furnish either of the varieties of green olives imported; the witness regards the protection asked for by the California ripe olive industry as unfair to American industry and consumers. Cases of poisoning by ripe olives have been reflected in a reduced consumption of both ripe and green olives; it has not been made plain that Spanish green olives, owing to the different method used in preserving them, are free from this danger. If the old, long-standing rate of 15 cents per gallon were restored it is estimated that it would bring in \$1,000,000 revenue from Spanish olive importations.

PARAGRAPH 746.—PINEAPPLES.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. George McClellan, representing the Hawaiian Pineapple Packers' Association.

FAVORING LOWER DUTIES:

Mr. W. A. Rodenberg, Representative from Illinois, and Mr. Harold Knutson, Representative from Minnesota. (Joint brief.)

Mr. Victor Elting, representing the West Indies Fruit Importing Co.

Hearings: Pages 3105–3107.

Witness: Mr. George McClellan, representing the Hawaiian Pineapple Packers' Association.

Cost and selling prices.—The average wholesale price per crate is \$4.50.

Rate suggested.—The rates to remain as in the Fordney bill with the addition of a special provision for pineapples in crates or other containers as follows: "Fresh pineapples in crates or other containers, 11 cents per cubic foot." This rate would be practically equivalent to \$7.50 per 1,000.

Remarks.—While agreeing with the representative of the importers that a cubic-foot provision for pineapples in crates would be desirable, the witness maintained that the trade could stand the proposed rates.

Witnesses: Mr. W. A. Rodenberg, Representative from Illinois, and Mr. Harold Knutson, Representative from Minnesota.

Rates suggested.—The duty on canned pineapples, instead of being increased 300 per cent (to 3¼ cents per pound) above the present duty of 20 per cent ad valorem, should be reduced.

Remarks.—The proposed duty on canned pineapples was increased to 3¼ cents by amendment on the floor of the House. The principal beneficiary of this increase would be the Hawaiian Pineapple Co., which at the present time is making large profits.

The proposed duty would tend to give the Hawaiian canners a monopoly and increase the price to consumers. Not all of the Hawaiian producers and canners are in favor of the increase.

Hearings: Pages 3099–3105.

Witness: Mr. Victor Elting, representing the West Indies Fruit Importing Co.

Size of industry.—The production of pineapples in 1920 and 1921 was as follows:

	Cuba.	Florida.	Porto Rico.
	<i>Crates.</i>	<i>Crates.</i>	<i>Crates.</i>
1920.....	918,944	70,500	145,000
1921.....	1,010,000	40,500	160,000

Rates suggested.—Fresh pineapples to be put on the free list or else be put back on the basis of the act of 1913, with the cubic foot and not the piece as the basis.

Remarks.—The witness objects to the piece basis of computing the duty because (1) the duty increases as the value per crate decreases, (2) the cost of administration would be excessive, and (3) the necessary delay would involve loss by spoilage. The proposed rate, if applied to the 1921 crop, would show an average duty of \$0.256 per crate as against \$0.1176 under the act of 1913. This would be an increase of 117 $\frac{3}{4}$ per cent, which would discourage the industry and seriously affect American transportation interests, manufacturers of supplies, importers, dealers, and the consuming public. The Porto Rican and Florida crops are not adequate for American needs.

PARAGRAPH 748.—GLACÉ FRUITS.

WITNESS.

FAVORING PROPOSED OR HIGHER DUTIES:

Townsend's California Glacé Fruits Corporation, San Francisco, Calif.
(Brief; no appearance at hearings.)

Costs and selling prices.—French labor is much cheaper than Californian; wages of women in France are about 40 cents per day of 10 hours, compared with domestic wages of \$16 per week of 48 hours. Wages of men in France are 80 to 85 cents per day of 10 hours, as against \$4.50 for 8 hours in California. The rail rate from California to New York is \$6.16 $\frac{1}{2}$ per hundred weight, as compared with about \$1.25 per hundred weight from France.

Rates suggested.—On glacé fruits, 8 to 10 cents per pound.

PARAGRAPH 750; AND ALSO PARAGRAPH 50.—FLAXSEED AND LINSEED OIL.

WITNESS.

FAVORING PROPOSED OR HIGHER DUTIES:

Spencer Kellog & Sons (Inc.), Cincinnati, Ohio. (Brief; no appearance at hearings.)

Costs and selling prices.—Average operating costs in the best equipped mills in this country are 50 cents per bushel, as compared with 25 cents per bushel in Europe. This means a difference in cost of 10 cents per gallon of oil.

Size of industry.—In 1902–1909, the average acreage of flaxseed in this country was 2,750,000. In 1914–1920 this had declined to 1,684,000, while the requirements of oil had risen from 40,000,000 gallons

to 70,000,00 gallons. The annual volume of business approximates \$100,000,000.

Rates suggested.—On linseed oil, 25 cents per gallon.

Remarks.—Figuring $2\frac{1}{2}$ gallons of oil per bushel of seed, the proposed tariff of 30 cents per bushel would be equivalent to 12 cents per gallon on oil. To this should be added 10 cents for the difference in labor costs and 3.28 cents for the advantage in ocean freights from Europe.

Unless a proper adjustment is made between the duties on the oil and on the seed, the flaxseed-crushing industry is doomed.

PARAGRAPHS 751 AND 752.—BULBS, SEEDLINGS, ETC.

WITNESS, AND INTERESTS REPRESENTED.

REQUESTING RECLASSIFICATION:

Mr. James Hutchinson, representing the Society of American Florists and Ornamental Horticulturists; address, New York City.

Hearings: Pages 3108–3110.

Comparability.—The witness thinks that the American-valuation plan would be impracticable in this connection because of the lack of similar domestic products.

Rates suggested.—Paragraph 751 should be changed to read:

Tulip and narcissus bulbs and lily of the valley pips, \$2 per 1,000; hyacinth bulbs, \$4 per 1,000; lily of the valley clumps, \$10 per 1,000; crocus bulbs, \$1 per 1,000; lily bulbs, \$6 per 1,000; gladioli bulbs, \$5 per 1,000; all other bulbs, roots, root stocks, corns, tubers, and herbaceous perennials, which are imported for horticultural purposes, 20 per cent ad valorem; cut flowers, fresh or preserved, 25 per cent ad valorem.

And 752 changed to read:

Seedlings and cuttings of Manetti, Multiflora, Briar, Rugosa, and other rose stocks, 3 years old or less, \$2 per 1,000 stocks; rose plants, budded, grafted, or own roots, \$40 per 1,000 plants; cuttings, seedlings, or grafted on budded plants of other deciduous or ornamental or evergreen trees, shrubs, or vines, including greenhouse plants, 20 per cent ad valorem.

Above all, the duty should not be ad valorem when it can be made specific.

Remarks.—It is claimed that the proposed change would bring in a larger revenue and would not embarrass the industry as much as the rates and wording of the Fordney bill.

NUTS.

PARAGRAPH 754.—ALMONDS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. T. C. Tucker, representing the California Almond Growers' Exchange; address, San Francisco, Calif.

FAVORING LOWER DUTIES:

Mr. G. W. R. Wallace, representing the Associated Shelled Nut Interests; address, Chicago, Ill.

Hearings: Pages 3111–3135.

Witness: Mr. T. C. Tucker, San Francisco, Calif.

Costs and selling prices.—In 1920 the cost of production in California of almonds, including interest on capital, was 19.4

cents per pound, this entailing a loss of 9.4 cents per pound on some varieties and 12 cents on others. In Europe, costs are 3.6 cents per pound. In Spain, labor costs 25 to 35 cents per day and freight is one-third to one-fourth of domestic rates. In another place in his testimony the witness gave production cost in 1920 as just over 19 cents per pound plus freight $2\frac{1}{2}$ cents; anything in addition to that in price would be profit. In 1920, California growers sold part of their crop for 10 cents per pound for some varieties and 7 cents for others.

Size of industry.—Membership of the association, representing 85 per cent of the almond crop, is nearly 4,000. More than 100,000 acres of almonds are planted, about three-fourths not yet in bearing. The investment is something over \$50,000,000; about 20,000 white laborers employed seasonally. The average annual production in California prior to 1919 was about 2,000 tons; in 1919, 7,500 tons, and in 1920, 6,000 tons.

Rates suggested.—Five cents per pound on unshelled almonds and 15 cents on shelled are claimed as being absolutely necessary for the protection of the industry. The difference in the cost of production here and in Europe is 8 cents on unshelled almonds and 24 cents on shelled. Eighty per cent of the money spent on almonds is for shelled.

Remarks.—The present domestic bearing is sufficient to supply 20 to 25 per cent of the domestic consumption. Domestic production will be able to supply the entire domestic demand when present acreage comes into bearing. The total Old-World production is estimated at 750,000,000 pounds.

The association also submitted an illustrated publication entitled "Shall the Almond Industry Perish"? together with letters and telegrams supplementing the arguments used.

Hearings: Pages 3135–3138.

Witness: Mr. G. W. R. Wallace, representing the Associated Shelled Nut Interests.

Rates suggested.—On unshelled almonds, 3 cents per pound; on shelled, 6 cents.

Remarks.—Importers are particularly interested in the rate on shelled almonds and walnuts since most are thus imported for use by confectioners. California almonds are too woody and lacking in flavor to permit their use in confectionery, while California walnuts are the best in the world.

PARAGRAPHS 754, 755, AND 758.—ALMONDS, FILBERTS, AND WALNUTS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING LOWER DUTIES:

Mr. E. B. Hutchinson, representing the Dried Fruit Association of New York, New York City.

Mr. Walter C. Hughes, representing the National Confectioners' Association, Chicago, Ill.

Hearings: Pages 3139–3153.

Witness: Mr. E. B. Hutchinson, New York City, N. Y.

Costs and selling prices.—The average price of shelled almonds in 1920 was not more than 30 cents per pound.

Size of industry.—The estimated capital investment of manufacturing confectioners, chocolate manufacturers, bakers, and others using almonds, is \$750,000,000, as compared with \$50,000,000 invested in growing almonds. The manufacturers employ 420,000 persons, as compared with 50,000 employed by the growers.

Rates suggested.—Almonds in the shell, 4 cents per pound; shelled almonds, 6 cents; filberts in the shell, 3 cents; shelled filberts, 6 cents. These rates, while about a 50 per cent increase over present rates, would not restrict imports and would provide a considerable increase in revenue. Excessive rates of duty would tend to lower importations and to decrease revenues.

Remarks.—The witness claimed that domestic producers could not produce nuts either in sufficient quantity or of high enough quality to supply domestic requirements in shelled walnuts and almonds. He presented various arguments in opposition to California demands for higher duties. It is claimed that California produces only enough to supply one-ninth of the domestic consumption of almonds.

The association submitted a photographic copy of a letter addressed by Mr. J. C. Tucker, manager of the California Almond Growers' Exchange, to Bevan & Co., Malaga, Spain. The letter stated, in effect, that California does not deal to any extent in shelled almonds, this being held to prove that there is no justification for an increase in the duty on shelled almonds from 4 to 15 cents per pound.

Hearings: Pages 3153–3158.

Witness: Mr. Walter C. Hughes, representing the National Confectioners' Association, Chicago, Ill.

Size of industry.—The association represented includes 725 manufacturers of candy. The investment in the industry is about \$750,000,000.

Comparability.—California shelled almonds and walnuts have proved unsatisfactory to confectioners.

Rates suggested.—On almonds, not shelled, 4 cents; shelled, 6 cents per pound. On walnuts, not shelled, 3 cents per pound; shelled, 6 cents per pound.

Remarks.—Even if the production of almonds in California is increased in the next 10 years in the same proportion as in the past, the 1929–30 crop will amount to only 20,000,000 pounds, which is far short of domestic requirements.

Very few shelled almonds are produced in California, most of the California crop being sold in the shell.

PARAGRAPH 756.—COCONUTS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Franklin Baker, jr., representing manufacturers of domestic shredded coconut.

The Coconut Growers' Association of Porto Rico.

FAVORING LOWER DUTIES:

Mr. E. W. Broom, representing importers of Ceylon desiccated coconut.

Hearings: Pages 3160–3164.

Witness: Mr. F. Baker, jr., representing manufacturers of domestic shredded coconut.

Costs and selling prices.—The witness gave his labor charge as 3½ cents per pound; his total factory charges, 5 cents per pound, and total cost, 15 cents per pound. The present duty-paid price of imported shredded coconut is 11½ cents and of the domestic 16 cents. It is only because of the better quality of the domestic that producers secure any business.

Size of industry.—Several million dollars are invested in the industry and nearly 2,000 persons are employed. The United States imported, in 1920, 90,000,000 pounds of nuts and about 33,000,000 pounds of desiccated nuts.

Rates suggested.—Six cents per pound on imported shredded coconut, without being compelled to pay a duty on coconuts.

Remarks.—The lower cost of production in Ceylon results from cheaper raw material and labor. It takes about 3 nuts to make 1 pound of shredded coconut, hence the request for an addition to the specific protective duty of three times the duty on the raw material.

Witness: The Coconut Growers' Association of Porto Rico. (Brief; no appearance at hearings.)

Costs and selling prices.—From 40 to 50 trees are planted per acre. When in full bearing, the average value of the production per tree is about 50 cents. The cost of bringing an acre into bearing has advanced from \$100 in 1913 to \$250 to-day. The average gross return per acre is about \$50, which leaves practically nothing as a return on investment.

Size of industry.—In Porto Rico, over 9,000 acres are planted in coconuts, 80 per cent of which have been developed on plots of from 40 to 50 acres. The present production in Porto Rico is about 17,000,000, all of which are marketed in the United States. This is about one-fourth of all the coconuts in the shell sold here.

Rates suggested.—On coconuts in the shell, 2 cents each.

Remarks.—Workers in Porto Rico have been organized by the American Federation of Labor, which has resulted in higher wages. An eight-hour law was passed, also a child-labor law prohibiting employment of children under 16 years of age. Porto Rican growers must compete with those in other West Indian islands and South American countries where land and labor are cheaper. Because of coastwise shipping laws, freights are much higher from Porto Rico than from competing countries; for example, the rate from Trinidad to New York is \$3 per 1,000 nuts, as compared with \$10 from San Juan to New York.

Hearings: Pages 3159–3160.

Witness: Mr. E. W. Broom, representing importers of Ceylon desiccated coconut.

Costs and selling prices.—While conceding that wages are lower in Ceylon, the witness stated that labor is much less efficient there and that less labor-saving machinery is used than in the United States. The current market value of Ceylon shredded coconut is about 9 cents per pound, in bond ex dock New York.

Size of industry.—About 1,000 persons are employed in the domestic shredding factories.

Rates suggested.—A duty of 3 cents per pound, which would represent a 50 per cent increase over current rates. This would meet

the need for revenue, but a duty as high as $4\frac{1}{2}$ cents (as in the bill) would probably work hardships and might decrease revenues by cutting down imports.

PARAGRAPH 757.—PEANUTS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Neyle Colquitt, representing the United Peanut Association of America, Washington, D. C.

Mr. P. D. Bain, representing the Peanut Association of America, Norfolk, Va.

Mr. Edward Eve, Charleston, S. C.

Mr. J. B. Pinner, representing the peanut industry of Suffolk, Va.

FAVORING LOWER DUTIES:

Mr. John B. Gordon, representing peanut crushers and vegetable oil refiners, Alexandria, Va.

Mr. W. H. Kelly, representing the Kelly Co.

The Foreign Commerce Association of the Pacific Coast. (Brief.)

Hearings: Pages 3179–3180.

Witness: Mr. Neyle Colquitt, representing the United Peanut Association of America.

Costs and selling prices.—The average production cost of peanuts in this country is about $9\frac{1}{2}$ cents per pound.

Size of industry.—The investment in farm lands and implements used for growing peanuts is approximately \$100,000,000, and about 131,500 persons are employed.

Rates suggested.—Since the cost of cleaning and preparing unshelled peanuts for the market is about equal to the cost of shelling, the duty on shelled and unshelled peanuts should be the same. The association asks 4 cents per pound on shelled and unshelled peanuts and 5 cents on products, including peanut butter, peanut confections, etc., of peanuts not otherwise specified.

Hearings: Pages 3180–3188.

Witness: Mr. P. D. Bain, representing the Peanut Association of America.

Costs and selling prices.—The average farm cost of domestic peanuts is from $7\frac{1}{2}$ to 8 cents per pound, and the wholesale price is from 9 to $9\frac{1}{2}$ cents delivered in the markets.

Rates suggested.—Four cents per pound on shelled and unshelled peanuts and 5 cents on peanut products. The cost of cleaning and preparing peanuts for market being the same as the cost of shelling, the rate should be the same on each.

Remarks.—As only a small percentage of imported peanuts is used for oil, while there is competition between crushers and shellers for domestic peanuts, imports of peanut oil and of peanuts for crushing would compete with domestic peanuts. There are approximately 9,000,000 acres in the South available for peanut production. The peanut is especially desirable in the boll weevil sections to replace cotton.

Hearings: Pages 3198–3200.

Witness: Mr. Edward Eve, Charleston, S. C.

Rates suggested.—Four and a half cents per pound on peanuts would be adequate.

Remarks.—The arguments of the refiners and importers for free importation of oriental vegetable oils and oil materials are not valid. Free imports would depress both the European and domestic markets.

Hearings: Pages 3194-3198.

Witness: Mr. J. B. Pinner, representing the peanut industry, Suffolk, Va.

Costs and selling prices.—Prices have been so low as to cause great distress among peanut producers.

Size of industry.—About 110,000 farmers are producers of peanuts and about 10,000 are engaged in milling. The investment amounts to about \$108,000,000. Production in Virginia in 1920 was 4,000,000 bags (70 to 85 pounds per bag). The total production in the United States is between 30,000,000 and 40,000,000 bushels.

Rates suggested.—Four cents per pound for shelled and unshelled peanuts. No difference in rates is asked, because the cost of putting shelled and unshelled peanuts on the market is the same.

Remarks.—Imports in 1920 were 120,000,000 pounds of shelled peanuts and 12,000,000 pounds of unshelled.

A great portion of the South has been forced into peanut production by the ravages of the boll weevil.

Hearings: Pages 3168-3179.

Witness: Mr. J. B. Gordon, representing peanut crushers and vegetable-oil refiners.

Rates suggested.—The proposed rates of 3 cents on unshelled and 4 cents on shelled peanuts would prohibit their importation for crushing. There should be a provision for free importation of peanuts to be used for crushing.

Remarks.—Four cents on shelled peanuts would mean 10 cents per pound on the resultant oil, as against the normal value of only 5½ to 7 cents. Free importation of peanuts for crushing would not adversely affect the domestic grower, because only a very small percentage of domestic nuts is crushed, growers being able to get more by selling nuts for edible purposes. If the domestic crusher is put out of business it would be bad for the grower, who would lose part of his market for a surplus in years of large crop. Domestic crushers can not pay as high prices for domestic peanuts as can the peanut shellers, as peanut oil is practically interchangeable with cottonseed oil. The latter is a by-product and can be sold very cheaply.

Hearings: Pages 3164-3167.

Witness: Mr. W. H. Kelly, representing the Kelly Co.

Rates suggested.—The proposed rates of 3 cents on unshelled peanuts and 4 cents on shelled would prohibit all but a few imports.

Remarks.—Most of the peanuts imported for food purposes are large selected 28-30 count Chinese peanuts; not enough of these are grown here to satisfy the demand for the large kernels used in the manufacture of peanut brittle and peanut butter.

Hearings: Pages 3188-3194.

Witness: The Foreign Commerce Association of the Pacific Coast.
(Brief.)

Costs and selling prices.—There is but little difference in the delivered price of foreign and domestic nuts. The oriental peanuts in June, 1920, cost $7\frac{1}{4}$ cents c. i. f. Pacific ports and, with duty added, 8 cents; as much as domestic peanuts in the South.

Comparability.—American buyers prefer the domestic peanuts to Japanese.

Rates suggested.—On peanuts, not shelled, three-eighths of 1 cent per pound; shelled, three-fourths of 1 cent.

Remarks.—The domestic production has never been sufficient to meet the rapidly expanding requirements.

Losses to domestic producers have been due to general conditions of supply and demand; not to the competition of imports.

The proposed duty is virtually an embargo.

By giving peanut products a lower duty than raw products the proposed rate will seriously discriminate against American manufacturers.

PARAGRAPH 758.—WALNUTS AND PECANS.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. C. Thorpe, representing the Walnut Protective League.

FAVORING LOWER DUTIES:

The Foreign Commerce Association of the Pacific Coast. (Brief.)

Hearings: Pages 3200-3205.

Costs and selling prices.—The contention for a higher duty is based solely on differences in labor costs here and in competing countries. The labor cost here is 9.73 cents per pound; in France, $2\frac{1}{2}$ cents; in China, slightly over one-half cent. Freight charges of domestic producers to eastern consuming centers are three times those on foreign nuts.

Size of industry.—The investment in the industry exceeds \$110,000,000. The annual crop value is over \$12,000,000. More than 90,000 acres are planted to walnuts, of which 65,000 acres are in bearing. Domestic production supplies over 70 per cent of the country's consumption of unshelled walnuts, California's production in 1920 being 56,000,000 pounds as against a total importation of 38,700,000 pounds, shelled and unshelled.

Rates suggested.—Four cents a pound on unshelled, 12 cents on shelled, these being the lowest under which the industry can continue on a prosperous basis.

Remarks.—Unshelled walnuts comprise .90 per cent of the domestic production. There are 200,000 acres in California, now planting annual crops, ideally suited for the production of walnuts. "A tree has to be 10 years old before it makes what would be considered a profitable production." The unshelled walnut is, and will always be, the principal product.

Hearings: Pages 3205-3209.

Witness: The Foreign Commerce Association of the Pacific Coast. (Brief.)

Costs and selling prices.—Foreign growing costs are less than domestic, but the marketing costs are so much more that foreign nuts delivered in American markets cost nearly as much as domestic.

Size of industry.—Domestic production has increased from

18,700,000 pounds in 1909 to 56,096,000 pounds in 1919, but is still short of requirements. Imports in 1919 were 21,000,000 pounds.

Comparability.—The domestic nuts are clean looking, thin shelled, full meated, and fine flavored and command a premium over the imported. The latter are hard shelled and not as clean.

Rates suggested.—The association urges that the duty be not higher than 2 cents per pound on unshelled walnuts and 4 cents on shelled.

Remarks.—The imported nuts cater to the demands of confectioners, bakers, and manufacturers, who can not afford to pay the higher prices for domestic nuts.

PARAGRAPHS 760, 763, AND 1620.—OIL SEEDS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Hon. Edwin F. Ladd, United States Senator from North Dakota.

Mr. Charles W. Holman, representing the National Board of Farm Organizations, Washington, D. C.

FAVORING LOWER DUTIES:

Mr. P. S. Grogan, representing the Interstate Cottonseed Crushers' Association.

Mr. R. F. Crow, representing the Interstate Cottonseed Crushers' Association.

The Linseed Crushers' Committee. (Brief.)

Mr. J. J. Lawton, representing the Interstate Cottonseed Crushers' Association.

Hearings: Pages 3209–3219.

Witness: Hon. Edwin F. Ladd, United States Senator from North Dakota.

Costs and selling prices.—The average farm price of flaxseed increased from \$1.15 per bushel in 1912 to \$4.39 in 1919 and dropped to \$1.77 in 1920.

Size of industry.—In 1920, 23,391,000 bushels of flaxseed were produced; in 1919, 8,427,000 bushels.

Rates suggested.—On flaxseed, 40 cents per bushel; on linseed oil, 3½ cents per pound. (See abstract under paragraph 50.)

Remarks.—The proposed rates are necessary to maintain flaxseed production in the United States, so that the domestic oil, paint, varnish, and linoleum industries will not be dependent upon uncertain foreign supplies of raw material.

Reducing the duty on flaxseed, and to a greater extent on linseed oil, has made it possible for foreign manufacturers to export oil to this country at lower prices than American farmers and linseed-oil manufacturers can produce it. This reduction of duties has been the principal cause of smaller crops. The other important cause has been the prevalence of "flaxseed wilt." This has been overcome.

Hearings: Pages 5154–5162.

Witness: Mr. Charles W. Holman, representing the National Board of Farm Organizations, Washington, D. C.

Rates suggested.—Three-fourths of a cent per pound on cotton seed and soya beans; 2 cents per pound on copra.

Remarks.—Exports of soya beans and soya-bean oil in terms of beans from Manchuria amounted in 1911 to 1,724,000 short tons and in 1919 to 2,306,000 tons.

Soya beans and soya-bean oil were diverted to Europe a year before the emergency act was in force. This disproves the contention that the emergency act has caused the withdrawal of American buyers from the Orient and the consequent lowering of prices of oils there.

Hearings: Pages 5143-5154.

Witness: Mr. Charles W. Holman, representing the National Milk Producers' Federation and the vegetable oils tariff committee of the National Board of Farm Organizations. (Brief.)

Rates suggested.—On copra, 2 cents per pound; on soya beans, three fourths of 1 cent per pound, and on cotton seed, one-half of 1 cent per pound.

Remarks.—Because of the interchangeable character of vegetable oils practically the entire supply of raw materials can be obtained in this country. At present, large quantities of cotton seed that could be used for crushing are used directly for fertilizer.

(See abstract under oil paragraphs.)

Hearings: Pages 5162-5163.

Witness: Mr. P. S. Grogan, representing Interstate Cottonseed Crushers' Association.

Size of industry.—The cottonseed crushing industry has grown until in some years the crushers pay \$350,000,000 for the seed.

Remarks.—The association previously favored duties on vegetable oils and oil bearing materials but now, in the light of experience under the emergency tariff, it favors free trade.

Hearings: Pages 5163-5170.

Witness: Mr. R. F. Crow, representing the Interstate Cottonseed Crushers' Association.

Size of industry.—In normal times the annual production of crude cottonseed oil will range from 1,200,000,000 to 1,800,000,000 pounds.

Rates suggested.—The association desires that vegetable oils and oil-bearing materials be put on the free list, especially soya-bean oil, peanut oil, cottonseed oil, coconut oil, palm oil, palm kernel oil, sesame oil, copra, soya beans, peanuts, and palm kernels.

Remarks.—Cottonseed oil is produced in such quantities that it is essential that an export market be maintained for a surplus ranging from 10 to 25 per cent.

Although the total amount of cotton seed produced depends upon the demand for cotton, the proportion of seed delivered to the crushing mills varies with the price from 63 to 85 per cent. Crushers are thus interested in a reasonably high price for seed.

Duties on oriental oils would destroy the European market for the cottonseed-oil surplus. It would eliminate American buyers from oriental markets and allow European buyers to get cheaper oils to compete with the American cottonseed-oil surplus in Europe. If American buyers can import freely, these foreign oils will be taken out of edible-oil channels and into industrial channels.

The withdrawal of American buyers from the Orient allowed European monopolists to act in concert in forcing down prices.

Witness: The linseed crushers' committee. (Brief; no appearance at hearings.)

Rates suggested.—If a duty of 30 cents per bushel be put on flaxseed, the crushers ask that the duty on oil be 25 cents per gallon.

Hearings: Pages 5170-5173.

Witness: Mr. J. J. Lawton, representing the Interstate Cottonseed Crushers' Association.

Size of industry.—In 1920 the South produced 1,141,000,000 pounds of refined cottonseed oil. This constitutes 47 per cent of the total production of fats in the United States.

Rates suggested.—Vegetable oils and oil-bearing materials to be put on the free list.

Remarks.—The United States produces more cottonseed oil than there is demand for in the country. To maintain a free market in Europe for this surplus, it is necessary to have free trade in vegetable oils.

PARAGRAPHS 760 AND 50, AND SECTION 316.—OILS, SEEDS, ETC.

Brief on flaxseed and linseed oil, prepared by the Bureau of Raw Materials for American Vegetable Oils and Fats Industries, presented in behalf of paint and varnish manufacturers.

Hearings: Pages 3219-3226.

Rates suggested.—(1) That section 316 be so amended that the rates of duty imposed on flaxseed and other oil-bearing seeds in paragraph 760 be made positive and definite by the elimination of the provision for drawback on the export of oil cake; (2) that the duty on flaxseed in paragraph 760 be reduced from 25 to 20 cents per bushel; (3) that the duty on linseed oil in paragraph 50 be reduced from 2½ cents per pound to 12 cents per gallon.

Remarks.—A bushel of flaxseed will yield about 2½ gallons of linseed oil. Since the United States is on an exporting basis in oil cake, the duty on 2½ gallons of linseed oil should equal the duty on a bushel of flaxseed. Consequently, in order to protect the American flax grower with a rate of 10 cents per gallon on oil content, the rate on flaxseed should be 25 cents per bushel.

Under section 316 of the bill, if oil cake derived from the extraction of linseed oil from foreign flaxseed were exported, a drawback would be allowed on the value of the oil cake, which would mean a reduction in the duty on flaxseed.

PARAGRAPH 761.—SEEDS.

WITNESSES.

FAVORING LOWER DUTIES:

The Wholesale Grass Seed Dealers' Association. (Brief.)

The seed merchants of Philadelphia. (Brief.)

The Louisville Seed Co. (Brief.)

Hearings: Pages 3226-3238 and brief.

Witness: Mr. William G. Scarlett, representing the Wholesale Grass Seed Dealers' Association.

Size of industry.—The estimated average total consumption of grass seeds in the United States is 400,000,000 pounds, valued at between \$40,000,000 and \$50,000,000. The outlay on these seeds resulted in a hay crop alone (average, 1911 to 1920) valued at \$1,614,000,000.

Comparability.—Many of these seeds are not produced in the United States and others are not produced in sufficient quantities.

Rates suggested.—Grass seeds to be put on the free list. The seed dealers protest against duties being levied on field seeds, which have heretofore been free. The American farmer, particularly in his present distressing condition, should not be burdened with such a tax, the revenue from which would amount to less than \$375,000.

Remarks.—The duty will drive the farmer to buy cheaper, weed-infested grass seed. The duty is not necessary to discourage the importation of poor seeds, since this has been accomplished for nine years under the Federal seed import act of August 20, 1912.

Witness: The seed merchants of Philadelphia. (Brief; no appearance at hearings.)

Rates suggested.—The writers protest against the proposed duties on field seeds. The revenue would amount to only about \$750,000, but this would bear heavily on the farmers, who should be helped rather than further burdened.

Remarks.—Many of these seeds are not produced in commercial quantities in the United States while others are not produced in sufficient quantity to supply the requirements.

Witness: The Louisville Seed Co. (Brief; no appearance at hearings.)

Rates suggested.—The writer desires that the field seeds provided for in paragraph 761 be put on the free list. The duty proposed would burden farmers by increasing the prices on commodities they have to buy.

PARAGRAPH 762.—COTTON SEED.

WITNESS.

FAVORING LOWER DUTIES:

The California Cotton Oil Co., Los Angeles, Calif. (Telegram to United States Senator McCumber.)

Size of industry.—The cottonseed industry of California now has an investment of \$7,000,000.

Rates suggested.—Cotton seed should be specifically provided for on the free list. It is omitted in the Fordney bill and therefore will be dutiable at 20 per cent ad valorem.

Remarks.—The only cotton seed which can be imported under the quarantine regulations of the Department of Agriculture is that from the southern Imperial Valley in Mexico. About one-half of the supply comes from the Mexican side. The Mexican lands are almost all owned and controlled by Americans.

PARAGRAPH 762.—FIELD AND GARDEN SEEDS.

WITNESS, AND INTEREST REPRESENTED.

REQUESTING RECLASSIFICATION:

Mr. Kirby B. White, representing the American Seed Trade Association, Detroit, Mich.

Hearings: Pages 3238-3239.

Rates suggested.—The equivalent specific rate of 6 cents per pound should be put on all other garden seed rather than 20 per cent ad valorem. Every shipment of seed has a distinctive value, which it is impossible to appraise. The trade prefers any reasonable specific rate to the ad valorem basis.

PARAGRAPHS 763, 765, AND 767.—PEAS AND BEANS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING LOWER DUTIES:

Mr. Emil S. Nordlinger, representing the Dried Fruit Association of New York, New York City.

The Foreign Commerce Association of the Pacific Coast. (Brief.)

Hearings: Page 3244.

Witness: Mr. Emil S. Nordlinger, New York City, N. Y.

Costs and selling prices.—Before the war, lentils could be bought for 3 cents per pound in Königsberg, East Prussia, and were sold here for 5 cents per pound at retail.

Rates suggested.—The Payne-Aldrich rates on peas, beans, and lentils to be retained; that is to say, beans, 45 cents per bushel (75 cents per 100 pounds); lentils, 45 cents per bushel (75 cents per 100 pounds); dried peas, 25 cents per bushel (42 cents per 100 pounds); and split peas, 40 cents per bushel (66 cents per 100 pounds).

Remarks.—Peas and beans are articles of staple diet especially important to the poor man, and are imported only when there is a shortage in this country. Lentils are not produced in this country, and are used by Italians and Russians.

Hearings: Pages 3239-3243.

Witness: The Foreign Commerce Association of the Pacific Coast. (Brief.)

Size of industry.—The total domestic production for 11 years ending 1920 was 128,998,000 bushels; during the same period imports were 13,406,000 bushels and exports 14,793,000 bushels.

Comparability.—Domestic buyers prefer domestic beans, which command a price premium over the imported.

Rates suggested.—Not more than one-half of 1 cent per pound.

Remarks.—The decline in prices of beans was not caused by imports but by the general causes of declines in other products.

The proposed duty is so high that the revenue would be decreased.

The duty will unnecessarily raise the price of this staple food product.

PARAGRAPH 763.—BEANS.

WITNESS.

FAVORING PROPOSED OR HIGHER DUTIES:

Hon. Charles E. Townsend, United States Senator from Michigan. (Brief; no appearance at hearings.)

Rates suggested.—On beans, 1½ cents per pound.

Remarks.—Michigan is devoting a great deal of its agricultural resources to beans and should be heard if reduction from the proposed rate is favorably considered.

PARAGRAPH 766.—MUSHROOMS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. A. G. Hupfel, representing mushroom growers; address, New York City.
Mr. Edward H. Jacobs, representing mushroom growers; address, West Chester, Pa.

FAVORING LOWER DUTIES:

Mr. George O'Hara, representing the Associated Importers of Food Products; address, New York City.

Hearings: Pages 3246-3249.

Witness: Mr. A. G. Hupfel, representing mushroom growers.

Costs and selling prices.—Mushrooms can be produced for about 40 cents per pound. The prices of fresh mushrooms vary seasonably from 35 cents to \$1 per pound.

Rates suggested.—The rate provided by the Fordney bill, 33½ per cent ad valorem; this would equal 35 cents per pound.

Remarks.—The witness has turned a brewery in New York City into a mushroom plantation and claims that other brewers are considering that step. The total quantity imported in the year ended June 30, 1921, was 3,732,459 pounds.

Hearings: Pages 3249-3251.

Witness: Mr. E. H. Jacobs, representing mushroom growers.

Size of industry.—Between five and six million pounds of fresh mushrooms are grown in this country. In the East alone there are at least 250 growers.

Rates suggested.—The rate in the Fordney bill—33½ per cent ad valorem.

Remarks.—Imported mushrooms are bleached white with sulphur fumes and are especially desired by the Chinese restaurant trade. Under United States laws the domestic product can not be so treated. The growers and consumers regard this as unfair competition.

Hearings: Pages 3251-3256.

Witness: Mr. George O'Hara, representing the Associated Importers of Food Products.

Costs and selling prices.—The witness admits that ordinary laborers in France are paid only 2.50 francs per hour (say 20 cents on exchange of eight) and the chief workman 250 francs (\$18) per week. Manure costs from \$6.80 to \$8.15 per ton delivered at beds.

Rates suggested.—The association particularly desires a specific rate of duty and suggests 4 cents per pound, including the weight of

the immediate container. This would equal 9.1 cents per pound on the drained mushrooms and would be all the trade can stand.

Remarks.—The witness takes issue with Mr. Jacobs (p. 348) and claims that French mushrooms are not bleached. Some chefs prefer them to fresh mushrooms because of easier preparation and greater economy in use. He says, also, that firms who bought the domestic canned mushrooms have declared they would buy no more because of their poor quality.

PARAGRAPH 768.—ONIONS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. J. B. Stambaugh, representing the National Onion Association.

FAVORING LOWER DUTIES:

Brief presented by the New York Fruit Exchange.

Hearings: Pages 3256–3260, 3265–3268.

Witness: Mr. J. B. Stambaugh, representing the National Onion Association.

Costs and selling prices.—The average domestic cost per 100 pounds, delivered at New York, without profit, is \$4.63½, as compared with Spanish and Egyptian costs of \$1.85. The average daily wage in the United States is \$3.25 to \$3.50 and in Spain 43 to 58 cents. The wholesale price was run down to 40 cents per 100 pounds in 1920.

Size of industry.—The capital investment in the domestic industry amounts to \$55,000,000; about 100,000 persons are directly dependent upon an industry which furnishes 30,000 to 40,000 cars of shipping per year.

Comparability.—Egypt produces a larger onion than southern domestic producers have been able to grow. The Spanish onions are much like those grown on the Pacific coast.

Rates suggested.—A rate of 1½ cents per pound would fairly represent the difference in the cost of production here and abroad. In his later testimony, the witness asked for a duty of 1 cent a pound.

Remarks.—The emergency duty of 40 cents per bushel has not proved effective.

Hearings: Pages 3087–3089.

Brief: The New York Fruit Exchange.

Costs and selling prices.—The cost of Spanish onions has greatly increased. Wages have increased from 2 to 4 and 5 pesetas per day (peseta=19.3 cents at par), and packing and freight costs have doubled. An increase in the present tariff on Spanish onions would put a stop to importations. The exchange also urges that no change be made in the tariff on potatoes, onions, and other vegetables coming from Bermuda. These come early in the season and so compete only to a limited extent with domestic products.

Comparability.—Owing to the difference in quality, Spanish onions do not conflict with domestic. They are large and sweet and are seldom used for cooking purposes.

Rates suggested.—The 1913 rate of 20 cents per bushel of 57 pounds to be retained.

PARAGRAPH 769.—POTATO FLOUR, ETC.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. W. P. Hartman, representing the Falk American Potato Flour Corporation, Pittsburgh, Pa.

Hearings: Pages 3268-3273.

Costs and selling prices.—Raw material costs are 3.1 cents per pound; total costs, 6 cents per pound ready for shipment. Foreign potato flour is being sold at from $3\frac{1}{4}$ to $3\frac{1}{2}$ cents per pound.

Size of industry.—This corporation has five plants and up to the present time has produced 5,000,000 pounds. It is capitalized at \$1,000,000.

Rates suggested.—At least 3 cents per pound to insure the industry's continued existence. The duty of $1\frac{1}{2}$ cents per pound in the bill was erroneously based on a production factor of 25 per cent, whereas the correct factor is 20 per cent, which would require a duty of 2.1 cents.

Remarks.—Competition is mainly from Holland and Germany, where a potato of higher starch content is used. As about 2 per cent of potato flour is used to mix with wheat flour in bread making, as an improver, a small increase in the price of potato flour would hardly be reflected in the price of bread.

PARAGRAPH 770.—TOMATOES.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. John S. Mitchell, representing manufacturers of tomato paste, Windfall, Ind.

FAVORING LOWER DUTIES:

The American Fruit and Vegetable Shippers' Association, Chicago. (Brief.)

Mr. Charles H. Bates, representing the Southern Pacific Railroad. (Brief.)

Mr. Frank L. Barry, representing the Nogales (Ariz.) Chamber of Commerce.

Hearings: Pages 3280-3284.

Witness: Mr. John S. Mitchell, representing manufacturers of tomato paste.

Costs and selling prices.—The estimated domestic cost per case of tomato paste (25 per cent tomato solid) in 1921 was \$10 per case, 60 per cent of which was labor cost. Italian labor cost was 20 per cent of the domestic and the duty asked for would just cover the difference. The representative of the Italian Chamber of Commerce in New York gave \$18.50 per case as the cost of the imported, but it may be expected that the normal cost of \$4.62 $\frac{1}{2}$ for the imported will soon be reached.

Rates suggested.—Forty-two per cent ad valorem, or 4 cents per pound, on tomato paste containing not less than 25 per cent tomato solids; 5 cents per pound on paste containing more than 25 per cent of tomato solids, including the weight of the immediate container.

Remarks.—The domestic industry was built up during the war when imports of Italian tomato paste were cut off. The Italian de-

mand in this country furnished the entire market. If the duty asked is granted, the manufacturers will have a chance to popularize the product, increase the volume of production, and bring down the cost to below the 1914 level.

Witness: Mr. Charles H. Bates, attorney for Mr. Epes Randolph, president Southern Pacific Railroad. (Brief; no appearance at hearings.)

Rates suggested.—That the duty on raw tomatoes be not materially increased from the 1913 rate. If it is desired to retain the proposed rate of 1 cent in the bill, a provision should be inserted putting tomatoes, in their natural state, on the free list from December 15 to April 10.

Remarks.—The proposed rate of 1 cent per pound is about 200 per cent over the present rate, which about equals one-third cent per pound. Mexican tomatoes do not compete with domestic, because they are imported from December 15 to April 10.

The matter is important to the railroads of the Southwest because the proposed duty threatens to cut down their freight.

Witness: The American Fruit and Vegetable Shippers' Association, Chicago. (Brief; no appearance at hearings.)

Rates suggested.—Tomatoes in their natural state, free.

Remarks.—Practically all imported tomatoes come from Mexico. These imports do not compete with the domestic product, because they come into the market earlier in the season than domestic tomatoes, those from Florida excepted. But Florida tomatoes are sold in eastern markets and Mexican tomatoes in the West.

Hearings: Pages 3273-3280.

Witness: Mr. Frank J. Barry, representing the Nogales Chamber of Commerce, Nogales, Ariz.

Costs and selling prices.—Production costs on one ranch were given as 8.533 cents per pound, selling at 8.984 cents. The selling price of Mexican tomatoes to the final consumer was said to be about 25 cents per pound retail.

Rates suggested.—A duty of three-eighths cent per pound, to apply between September 15 and May 15.

Remarks.—Mexican tomatoes are grown on the west coast of Mexico, to a large extent (77 per cent) by Americans, and are shipped from December to March. They are marketed largely in the West and Central States and do not compete with the summer tomato or the Florida tomato.

PARAGRAPH 773.—DRIED VEGETABLES.

WITNESS.

FAVORING HIGHER DUTIES:

The Anhydrous Food Products Co., Chicago, Ill. (Brief; no appearance at hearings.)

Rates suggested.—On dehydrated vegetables.

Variety.	American value.	Duty.
	<i>Cents.</i>	<i>Cents.</i>
Carrots.....	40	10
Cabbage.....	48	12
Onions.....	60	15
Spinach.....	90	22½
Garlic.....	60	15
Mixed vegetables, Julienne style or equivalent.....	40	10
Potatoes.....		6

Remarks.—The industry of scientifically drying vegetables and fruits is just starting in the United States. On an average, one-half of the product of gardens and orchards spoil before reaching the ultimate consumers. Congress spent \$250,000 in 1919 for the development of the industry.

PARAGRAPH 775.—CHICORY.

WITNESS.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. David McMorran, Port Huron, Mich.

Hearings: Pages 3284–3286.

Costs and selling prices.—The current price is about 7 cents per pound.

Size of industry.—Chicory is grown by about 10,000 farmers in Michigan. It is also grown in Wisconsin, Nebraska, Connecticut, and New York.

Rates suggested.—On raw chicory, 1½ cents; on manufactured, 3 cents per pound as in the bill. But for the war the present tariff would have put the industry out of business.

Remarks.—Chicory is mixed with coffee to make a mellow body in the modern Central American and South American coffees, thus taking the place of Java coffee in the Mocha and Java mixture.

PARAGRAPH 776.—COCOA.

WITNESS.

FAVORING LOWER DUTIES:

Mr. Stephen L. Bartlett, importer of manufactured cocoas and chocolates, Boston, Mass.

Hearings: Pages 3286–3289.

Costs and selling prices.—The manufacturing is done mostly by automatic machinery and the cost is little if any greater here than abroad. The best grade of imported powder used by the witness costs him about 40 cents per pound.

Rates suggested.—One cent per pound on unsweetened cocoa powder valued at less than 20 cents per pound; 3 cents per pound, valued at 20 cents or more per pound.

Remarks.—The witness imports manufactured cocoa from Holland in tins for family use and both cocoa and chocolate in bulk.

This country imports 60 per cent of the world's production of cocoa beans but imports of manufactures are comparatively insignificant.

PARAGRAPH 777.—GINGER.

WITNESS.

FAVORING LOWER DUTIES:

Edward Bennèche & Bro., manufacturers. (Brief; no appearance at hearings.)

Costs and selling prices.—The present import value of ginger root in casks is about 8 cents per pound plus the present duty of $1\frac{1}{2}$ cents, making a total cost of $9\frac{1}{2}$ cents. The price with the proposed duty of 15 cents per pound would bring the cost to about 23 cents and the duty would be about 200 per cent on the cost. Similarly, the proposed duty on ginger in pots would amount to between 100 and 140 per cent.

Rates suggested.—It is requested that paragraph 777 be eliminated and that preserved ginger be dutiable under "sweetmeats," as formerly.

Remarks.—The proposed duty would be prohibitive. Preserved ginger is not manufactured in this country nor does it compete with any domestic article.

PARAGRAPH 779.—HOPS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Seid G. Back, Portland, Oreg. (Brief.)

FAVORING LOWER DUTIES:

Mr. Levi Cooke, representing the Anheuser-Busch Co.

Witness: Mr. Seid G. Back, Chinese merchant, Portland, Oreg. (Brief; no appearance at hearings.)

Rates suggested.—On hops, 32 cents per pound.

Remarks.—This rate is necessary to save this industry from disaster. The industry is a very important one in Oregon.

Hearings: Pages 3289-3291.

Witness: Mr. Levi Cooke, representing the Anheuser-Busch Co.

Costs and selling prices.—Domestic hops sell for 25 cents per pound while the Saazer or Bohemian hops sell for 80 cents.

Size of industry.—Domestic production is now down to 35,000,000 pounds, more than half of which goes abroad. Imports amount to 1,000,000 pounds a year.

Comparability.—Because of the much higher price of imported hops, manufacturers would substitute the domestic if possible. But it is necessary to use part imported in order to produce a beverage of high quality and flavor.

Rates suggested.—The company desires the present rate of 16 cents per pound to be retained.

Remarks.—Cereal beverages require more hops for the same quantity than does beer, but production is so much less that the demand for hops is really reduced.

PARAGRAPH 780.—SPICES AND SPICE SEEDS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING REARRANGEMENT OF DUTIES:

Mr. Francis J. French and Mr. J. S. Murphy, representing the American Spice Trade Association.

The Stickney & Poor Spice Co., Boston. (Brief.)

L. H. Parke Co., Philadelphia.

R. A. McCormick & Co., Baltimore, Md. (Brief.)

Hearings: Pages 3293-3296.

Witness: Mr. F. J. French, representing the American Spice Trade Association.

Rates suggested.—The duty on ground mustard or mustard flour and prepared mustard to be 10 cents per pound and mustard seed free; or, if a duty be imposed on the seed, that twice the amount of such duty be added to the 10 cents per pound of mustard.

Remarks.—Under the proposed rates in the bill, the protection to the domestic grinding industry is cut in half, the duty on the ground and prepared being reduced from 6 to 5 cents and a duty of 1 cent being put on the seed. Since the yield of flour from the seed is about 50 per cent, this duty amounts to 2 cents per pound of ground mustard.

Hearings: Pages 3297-3299.

Witness: Mr. J. S. Murphy, representing the American Spice Trade Association.

Rates suggested.—Raw materials of the spice industry to be on the free list. If made dutiable, they should be subject to specific duties because of the difficulty of appraising for ad valorem. Fenugreek seed, rape seed, hemp seed, marjoram, savory and thyme are not specifically mentioned and should be. The duty on turmeric is 10 cents per pound—250 per cent on current prices. It is used as raw material for curry powder and should be free. English mustard seed is superior to that produced in this country and, being the necessary raw material for ground mustard, should also be free. Imported prepared mustard commands a high price premium over domestic because of its prestige. Foreign producers are able to put the mustard bran into their goods, while domestic producers can not because of the pure food laws.

Witness: The Stickney & Poor Spice Co., Boston. (Brief; no appearance at hearings.)

Costs and selling prices.—The retail price of foreign mustard is 15 cents per tin; an equally good quality of domestic is sold for 10 cents.

Rates suggested.—Mustard seed, the raw material of the domestic packers, should be put on the free list. On prepared mustard the duty should be 10 cents per pound. Turmeric root should be free. The proposed duty on turmeric root, an important raw material for curry powder, equals 200 per cent ad valorem, while the proposed duty of 2 cents per pound on curry powder is only 10 per cent ad valorem. Protest is also entered against the ad valorem duty of 20 per cent on seeds, herbs, and spices, not specially provided for, and specific duties on all spices are recommended.

Remarks.—Mustard seed yields only from 45 to 55 per cent of flour. The English mustard trust has fully half of the American business and nearly all the business of the world.

Witness: L. H. Parke Co., Philadelphia. (Brief; no appearance at hearings.)

Rates suggested.—The proposed duty of 10 cents per pound on turmeric is excessive, the present cost without duty being 5 to 6 cents. Either the duty of 1 cent per pound on mustard seed should be omitted or the duty on mustard flour should be increased to 8 cents per pound. Otherwise the English manufacturers will capture the trade.

Witness: R. A. McCormick & Co., importers and manufacturers, Baltimore, Md. (Brief; no appearance at hearings.)

Costs and selling prices.—Pre-war prices of turmeric varied from 3 to 5 cents per pound as against $4\frac{1}{2}$ to 7 cents per pound to-day.

Rates suggested.—The company protests against the proposed 10 cents per pound duty on turmeric, which would be equivalent to 100 to 200 per cent. Such a duty would be practically prohibitive.

A duty of 5 to 10 cents per pound on curry powder would bring in more revenue than the proposed duty without increasing the price to the consumer.

Mustard seed should be left free of duty and a duty of 10 cents per pound should be put on ground or prepared mustard.

Any prohibition of import of pepper shells should except those imported under bond for the manufacture of piperine, a useful drug.

Remarks.—Turmeric root is a tropical product from southern Asia and is not grown in the United States. It is used as a condiment for its flavor and color. Curry powder is about 40 per cent powdered turmeric root and a duty on the raw material will greatly favor the British manufacturer, especially if the duty on curry powder be no more than the 2 cents per pound proposed.

The previous reduction in the duty on ground mustard from 10 to 6 cents per pound amounted to a bounty for English manufacturers, since it did not result in reducing the price to consumers.

The present proposed rates of 5 cents per pound on ground or prepared mustard and 1 cent on mustard seed would greatly favor foreign producers. Since 2 pounds of seed are required to make 1 pound of prepared mustard, the differential would be greatly cut down under the proposed duties.

The proposed duty on seed would not result in increasing the production of seed in California, because the English seed produces a better quality flour.

SCHEDULE 8.—SPIRITS, WINES, ETC.

PARAGRAPH 802.—DISTILLED LIQUORS.

WITNESS, AND INTEREST REPRESENTED.

FAVORING LOWER DUTIES:

Mr. Levi Cooke, representing the Anheuser-Busch Co.

Hearings: Pages 3301-3302.

Rates suggested.—The rates on distilled liquors and sparkling wines provided for in paragraphs 802 and 803 of the Fordney bill to

remain as in the act of 1913, since the only importations allowed are those for medicinal purposes.

PARAGRAPH 802.—ANGOSTURA BITTERS.

WITNESS.

REQUESTING RECLASSIFICATION:

The J. W. Wuppermann Angostura Bitters Agency (Inc.). (Brief; no appearance at hearings.)

Rates suggested.—Bitters containing alcohol, classified by the prohibition commissioner as unfit for beverage purposes, \$2.60 per proof gallon.

Remarks.—As H. R. 7456 now stands, Angostura bitters might be classified under paragraphs 22, 801, or 802. To eliminate uncertainty, a special paragraph is desired covering this article, which has been declared a nonbeverage by the prohibition commissioner.

SCHEDULE 9.—COTTON MANUFACTURES.

PARAGRAPHS 901 AND 902.—COTTON YARN, COTTON SEWING THREAD; CROCHET, ETC.

WITNESS, AND INTEREST REPRESENTED.

FAVORING LOWER DUTIES:

Mr. John F. Conway representing E. F. Drew & Co. (Inc.), importer and exporter, New York City.

Hearings: Pages 3303-3331.

Comparability.—In a long brief, reference is made, on pages 3319 and 3320, to conditions now and formerly affecting relative costs of production in this country and abroad. Not only do American workers operate more machinery and work faster than their brethren, but the former foreign advantage in lower rates of interest is no longer a factor since the war. In like manner the cost of erecting new spinning mills and equipping them with textile machinery is now very much on a par in the two countries. Practically the only thing to be considered now is the difference in labor.

The witness calls attention to the fact that even on the very radical advancing market of the past several months no 20/2 or 40/2 yarns have been imported, because these numbers abroad have been selling as high as, if not higher than, the domestic prices. These yarns were not affected by the emergency act, as the fiber was less than 1½ inches in length. It is practically impossible to import these sizes, and no tariff whatever is necessary on these coarse numbers.

Rates suggested.—Specific duties for paragraph 901 as follows: No. 40 yarn, 3 cents a pound for carded, with an additional duty of one-fifth of 1 cent per number on numbers above. On combed, 4 cents a pound per number, with an advance of one-quarter of a cent per number above.

On the numbers below 40 there does not seem to be any need of any duty; but, if in the judgment of the committee any duty should be added, the witness would suggest one-tenth of 1 cent less per number below 40, one-eighth of 1 cent per pound less on numbers down to 20, and one-sixteenth of 1 cent less on 20 and below.

For paragraph 902 the witness asks for a rate of 15 per cent ad valorem, as in the Underwood bill, is strongly opposed to the American valuation plan, and gives figures on pages 3325 and 3326, showing that the proposed rates of duty would more than equal the entire manufacturing cost, and in some instances nearly the entire market value of the yarn, including cotton. The rates would make importations impossible, and in most cases the duty would be not less than 33½ per cent against the 15 per cent rate in the 1913 tariff. Moreover, the proposed rates would lead to endless friction with the customs authorities and, through the attendant uncertainty, cause loss to importers, and also enable the few large interests controlling the domestic manufacture to fix exorbitant prices.

Remarks.—The witness applies, in a measure, the same general remarks regarding yarns to all classes of cotton manufacture and does not believe it necessary to increase the Underwood rates, especially in view of the existing conditions abroad. This has reference to paragraphs 903 to 920.

On pages 3311 and 3327 the witness refers to raw flax, ramie, hemp, and manufactures thereof, schedule 10. On pages 3312 and 3330 he refers to woolen and worsted yarn, schedule 11. On pages 3313 and 3330 he suggests several changes in the proposed law relative to silk and silk goods, schedule 12.

PARAGRAPH 901.—COTTON YARN.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Stuart W. Cramer, representing the American Cotton Manufacturers' Association, Charlotte, N. C.

FAVORING LOWER DUTIES:

E. F. Drew & Co. (Inc.), importers and manufacturers, New York City.

Hearings: Pages 3345-3357.

Witness: Mr. Stuart W. Cramer.

Comparability.—The English conversion cost of producing yarn from raw material is one-half the cost here, the latter being twice what it was before the war owing to labor conditions. English wage reductions are, however, only about 17½ per cent from the war-wage scale of 150 to 200 per cent above prewar.

Rates suggested.—The association indorses the Fordney bill scale of ad valorem rates, based on American valuation, but if these rates are modified would advocate specific rates in the second paragraph of 901, as follows:

Cotton yarns, including warps, in any form, bleached, dyed, colored, combed, or plied, of numbers not exceeding No. 40, 0.4 of 1 cent per number per pound; exceeding No. 40 and not exceeding No. 120, 16 cents per pound, and in addition thereto 0.55 of 1 cent per number per pound for every number in excess of No. 40; exceeding No. 120, 60 cents per pound: *Provided*, That none of the foregoing of numbers not exceeding No. 100, shall pay less duty than 7 per cent ad valorem, and in addition thereto for each number one-fifth of 1 per cent ad valorem; nor of numbers exceeding No. 100 less than 27 per cent ad valorem.

Witness: Mr. John F. Conway, representing E. F. Drew & Co. (Inc.), New York City, importers and manufacturers.

Hearings: Pages 3303-3309.

Comparability.—The witness's remarks on yarns form part of his testimony dealing with textiles generally, covering pages 3309-3331. He wished it understood that his remarks applied to yarns of cotton, hemp, and wool, also to artificial silk, and discussed at length the conditions applying to imports and export trade in different numbers. In this connection he pointed out that the foreign manufacturer had an advantage in construction and in his textile machinery. On the other hand, his former advantage in lower rates of interest than American is now a thing of the past, but there is still an advantage in the labor which has been trained for generations, also in efficiency in management. American labor is a little more transient.

Rates suggested.—The witness believes that a specific duty is the proper duty, as an ad valorem rate leaves much to be furnished by the customhouse and the importer. His company recommends a duty on No. 40 yarn of 3 cents a pound for carded, with an additional duty of one-fifth of 1 per cent upward; on combed yarn, 4 cents a pound for No. 40, with a difference of one-fourth cent per number advanced. No duty needed on numbers below 40.

PARAGRAPHS 903, 904, 905, 908, 910.—COTTON CLOTH.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Henry F. Lippitt, representing cotton manufacturers of Providence, R. I.

Hearings: Pages 3363-3387.

Rates suggested.—As substitute for paragraph 905:

In addition to the duty or duties imposed upon cotton cloth by the various provisions of this section there shall be paid the following cumulative duties, the intent of this paragraph being to add such duty or duties to those to which the cotton cloth would be liable if the provisions of this paragraph did not exist, namely, on all cotton cloths woven with eight or more harnesses or with Jacquard motions or containing more than one color or more than one number of yarn in the filling, or in which other than the ordinary warp and filling threads are used to form a figure or fancy effect, whether known as lappets or otherwise, 12 per cent ad valorem for cloths containing yarns the average number of which does not exceed number 30; exceeding number 30, 15 per cent ad valorem.

Tire fabric or fabric for use in pneumatic tires, including cord fabric, 25 per cent ad valorem.

Remarks.—Recommends that the method of determining yarn number in cloth be changed to a basis of 750 yards for No. 1 yarn instead of the 840-yard basis.

PARAGRAPH 904.—COTTON FABRICS.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Arthur H. Lowe, chairman Consolidated Tariff Committee of Cotton Manufacturers, representing National Council of American Cotton Manufacturers, American Association of Cotton Manufacturers, National Association of Cotton Manufacturers, Association of Cotton Textile Merchants, and Arkwright Club, Fitchburg, Mass.

Hearings: Pages 3331-3345.

Comparability.—"Unlike the steel and some other industries, we meet the keenest competition in our markets from Japan, England, Belgium, and other sections of Europe where long-established industries are paying low wages."

Remarks.—Recommends that the method of determining yarn number in cloth be changed for No. 1 from an 840-yard basis to a 750-yard basis, owing to the take-up in manufacturing (p. 3333). Also that the word "excessive," as applied to sizing, be omitted (p. 3334).

PARAGRAPH 905.—COTTON CLOTH WITH EXTRA THREADS, ETC.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Arthur H. Lowe. (For interests represented, see par. 904.)

Hearings: Pages 3331-3345.

Rates suggested.—Recommends that this paragraph read as follows:

In addition to the duty or duties imposed upon cotton cloth by the various provisions of this section, there shall be paid the following cumulative duties, the intent of this paragraph being to add such duty or duties to those to which the cotton cloth would be liable if the provisions of this paragraph did not exist, namely: On all cotton cloths woven with eight or more harnesses, or with Jacquard motions, or containing more than one color or more than one number of yarn in the filling, or in which other than the ordinary warp and filling threads are used to form a figure or fancy effect, whether known as lappets or otherwise, 12 per cent ad valorem for cloths containing yarns the average number of which does not exceed No. 30; exceeding No. 30, 15 per cent ad valorem.

Tire fabric for use in pneumatic tires, including cord fabric, 25 per cent ad valorem.

PARAGRAPH 908.—JACQUARD BLANKETS AND BLANKET CLOTH.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Charles D. Owen, jr., representing the Beacon Manufacturing Co., Providence, R. I.

Hearings: Pages 3387-3388.

Rates suggested.—Recommends that this paragraph read as follows:

Tapestries and other Jacquard woven upholstery cloths, Jacquard figured blankets, and blanket goods made with more than one colored filling thread, in the piece or otherwise, composed wholly or in chief value of cotton or other vegetable fiber, 30 per cent ad valorem.

PARAGRAPH 908—TAPESTRIES AND OTHER JACQUARD UPHOLSTERY CLOTHS, ETC.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Arthur H. Lowe. (For interests represented see par. 904.)

Hearings: Pages 3331-3345.

Rates suggested.—Recommends that this paragraph read as follows:

Tapestries and other Jacquard woven upholstery cloths, Jacquard figured blankets and blanket goods, made with more than one colored filling thread, in

the piece or otherwise, composed wholly or in chief value of cotton or other vegetable fiber, 30 per cent ad valorem.

PARAGRAPH 909.—PILE FABRICS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Ward Thoron, representing the Merrimac Manufacturing Co., 31 State Street, Boston, Mass.

Mr. Arthur H. Lowe. (For interests represented see par. 904.)

Hearings: Pages 3389-3396.

Witness: Mr. Ward Thoron, representing the Merrimac Manufacturing Co., 31 State Street, Boston, Mass.

Comparability.—The witness, both in his testimony and in a brief, reviews at length the stages through which this American industry has passed and the diversity of processes to which this class of materials is subjected.

Rates suggested.—The brief recommends rates as in the Fordney bill for plush, velvet ribbons, and terry-woven fabrics and manufactures, but different when there are more than 300 picks or filling threads to the inch, as "twill-back velveteens." The paragraph should read as follows:

PAR. 909.—Pile fabrics, composed wholly or in chief value of cotton, including plush and velvet ribbons, cut or uncut, whether or not the pile covers the whole surface, and manufactures, in any form, made or cut from cotton pile fabrics, 33½ per cent ad valorem: *Provided*, That any of the foregoing containing in excess of 300 picks or filling threads to the inch, including the filling pile threads, when advanced through the stage of cutting or beyond, shall pay in addition to the foregoing rate of duty 10 per cent ad valorem; terry-woven fabrics, composed wholly or in chief value of cotton, and manufactures, in any form, made or cut from terry-woven fabrics, 25 per cent ad valorem.

Remarks.—It is admitted that present conditions make it impossible to make any reliable determination of a permanent rate of protection, but the rates of the Underwood tariff are insufficient.

Hearings: Pages 3335-3336.

Witness: Mr. Arthur H. Lowe.

Rates suggested.—Recommends that a duty of 43½ per cent, ad valorem, instead of 33½ per cent, be applied to pile fabrics and manufactures of pile fabrics having more than 300 filling threads per inch.

PARAGRAPH 909.—TERRY WOVEN FABRICS.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Nelson Kershaw, representing the Terry Manufacturers' Association, Clifton Heights, Pa.

Hearings: Pages 3396-3397.

Size of industry.—There are 6,000 looms used on this work in factories located at various points throughout the United States. The fabrics produced are in competition with imported fabrics. The labor essential to the manufacture commands high wages.

Rates suggested.—Is satisfied with the Fordney bill rate on terry-pile and terry-weave fabrics, but asks for 45 per cent ad valorem if foreign valuation is retained.

PARAGRAPH 911.—QUILTS OR BEDSPREADS, ETC.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Arthur H. Lowe. (For interests represented see par. 904.)

Hearings: Pages 3335-3336.

Remarks.—As bedspreads in the piece are not covered in the bill, the witness suggests that the words "in the piece or otherwise" be inserted after the word "bedspreads" in the first line of paragraph 911.

PARAGRAPH 912.—ELASTIC BRAIDS, CORDS, GARTERS, AND WEBBING.
BOOT, SHOE, OR CORSET LACINGS.

WITNESS.

FAVORING PROPOSED OR HIGHER DUTIES:

The Narrow Fabric Co., Reading, Pa. (Two briefs.)

Hearings: Pages 3398-3400.

Comparability.—The first brief draws attention to the fact that the proposed Fordney bill rates are lower than those of the Underwood bill. It was stated that in the manufacture of elastic braids the labor cost here represents 54 per cent of the cost of production, and for boot, shoe, and corset lacings this amounts to 66 per cent. The German braider earned \$3.50 per week at the rate of exchange prevailing in August, 1921, while in the United States the same kind of labor earned from \$25 to \$40 per week. In 1914 the German workers in this industry earned about \$12.50 per week. It is also felt that harmful competition may be expected from Japan, Belgium, and Italy.

Rates suggested.—None were suggested, but the Finance Committee was asked to fix higher rates than those proposed in the Fordney bill.

Costs and selling prices.—

Comparison of cost on rickrack braids.

Size.	Narrow Fabric Co., cost of pro- duction.	German cost landed in New York City.	Size.	Narrow Fabric Co., cost of pro- duction.	German cost landed in New York City.
13.....	\$0.43	\$0.38	33.....	\$1.05	\$1.10
17.....	.55	.50	37.....	1.14	1.34
21.....	.67	.63	41.....	1.24	1.61
25.....	.79	.73	45.....	1.44	1.90
29.....	.89	.90	49.....	1.56	2.34

Comparison of cost on laces.

Our pattern No.	Our cost to manufacture.	Corresponding German pattern. W. & L. No.	Cost in marks.	Landed cost, New York City (at 1 cent per mark)	Per cent age of cost of German goods under our cost.
H-6022.....	\$1.36	4039/18.....	151	\$2.50	74.4
H-1152.....	6.05	40224.....	269	4.51	34.1
H-3122.....	4.64	309422.....	171	2.6776	73.1
F-21022.....	4.42	119'22.....	162	2.69	64.3
D-1122.....	4.03	84522.....	143	2.37	70.0
D-11224.....	4.01	845224.....	143	2.37	69.2
LC-2026.....	4.31	305226.....	160	2.66	62.0
D-2044.....	7.07	9644.....	287	4.82	46.7
D-20444.....	6.84	96444.....	249	4.17	64.0
B-2032.....	5.59	305626.....	169	2.81	98.9
B-24052.....	9.37	322752.....	431	7.27	28.8
B-22152.....	9.81	323252.....	406	6.84	43.4
B-22044.....	7.61	323244.....	335	5.65	34.7
C-18052.....	11.71	303648.....	462	7.78	50.5
B-23052.....	9.05	373052.....	430	7.25	24.8
C-2044.....	7.09	318244.....	226	3.78	87.6
C-20444.....	7.06	3182444.....	206	3.44	106.2

PARAGRAPH 912; ALSO PARAGRAPH 1014 OF SCHEDULE 10 AND PARAGRAPH 1114 OF SCHEDULE 11.—FABRICS WITH FAST EDGES NOT EXCEEDING TWELVE INCHES IN WIDTH.

WITNESSES.

FAVORING PROPOSED OR HIGHER DUTIES:

The narrow fabric manufacturers, Philadelphia, Pa. (Brief; no appearance at hearings.)

Comparability.—The Underwood Act provided duties on narrow cotton fabrics of 45 to 75 per cent, which did not prevent goods from being imported to a considerable extent. If it had not been for the embargoes placed on these commodities by the war, many manufacturers would have been ruined, and the production of fine goods eliminated. H. R. 7456 does not give protection, but handicaps the industry by placing high specific duties on the yarns that must be imported. There is not a manufacturer successfully making type-writer ribbons in the United States, and the imported No. 120 twply, combed and gassed yarn is scheduled for a duty of 36 cents per pound. Also, a plain eight-shaft sateen, 36 inches wide, made from the same yarn (par. 904) has a protective duty of 84 cents per pound, but the identical cloth made from the same yarn, woven in a half-inch tape costing three times as much to weave, is given a protection of only 25 per cent. The domestic manufacturers of narrow fabrics were not aware, until recently, of the danger threatened by H. R. 7456 and are, therefore, urgently asking for relief.

Rates suggested.—It is recommended that a specific duty be placed on the woven goods equal to that on the yarns, plus an ad valorem duty equal to the difference in cost between the foreign and the domestic article. Other changes recommended are as follows:

Paragraph 912, schedule 9, page 109, lines 17 to 24, to read:

Fabrics with fast edges, not exceeding twelve inches in width, and articles made therefrom, tubings, garters, suspenders, braces, cords, tassels, and cords all the foregoing composed wholly or in chief value of cotton or India rubber, and not specially provided for, 20 cents per pound *um ad valorem*.

Paragraph 1014, schedule 10, page 116, lines 24-25, to read:

Fabrics with fast edges, not exceeding twelve inches in width, and articles made therefrom, tubings, * * *.

Page 117, lines 1-5, to read:

Garters, suspenders, braces, cords, tassels, cords and tassels; all the foregoing composed wholly or in chief value of vegetable fiber other than cotton or wholly of vegetable fiber other than cotton and India rubber and not specially provided for, 25 cents per pound and 30 per centum ad valorem.

Omit, in lines 5, 6, 7, and 8, all reference to "tapes composed wholly or in part of flax woven with or without metal threads on reels, spools, or otherwise, and designated expressly for use in manufacturing measuring tapes."

PARAGRAPH 913.—GLOVE CLOTH.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Charles C. Ormsby, representing Ormsby-Morris Co., O. M. Glove Corporation, and 12 or more other concerns, Waterford, N. Y.

Mr. Ernest Jones, representing Fulton County Silk Mill, Gloversville, N. Y.

Hearings: Pages 3403-3408.

Witness: Mr. Charles C. Ormsby.

Size of industry.—The witness represents the trade engaged in the manufacture of chamoisette cotton cloth—to be made up into fabric gloves. The industry employed 10,000 persons at one time, while to-day there are none. The witness attributes this condition entirely to imports from Germany.

Rates suggested.—Paragraph 913 to read as follows: Knit fabric in the piece, composed wholly or in chief value of cotton or other vegetable fiber and made on a warp-knitting machine, 60 per cent on American valuation, but not less than 50 cents for each square yard thereof and, if multifold, for each square yard of each fold thereof.

Paragraph 914 to read as follows: Gloves composed wholly or in chief value of cotton or other vegetable fiber, made of fabric knit on a warp-knitting machine. 60 per cent ad valorem on American valuation but not less than a minimum of \$3 per dozen pairs, not over 12 inches in length; for each inch in excess over 12 inches, in addition, 25 cents per dozen pairs.

On such gloves of two folds of such fabric 60 per cent ad valorem, on American valuation, but not less than a minimum of \$4 per dozen pairs, not over 12 inches in length; over 12 inches in length, for each inch in excess, 35 cents per dozen pairs.

Remarks.—It was stated that the cost of manufacturing gloves, exclusive of the cloth, is greater than what the glove, manufactured in Germany, is being sold for here.

Hearings: Pages 3412-3414.

Witness: Mr. Ernest Jones, representing Fulton County Silk Mills, Gloversville, N. Y.

Comparability.—These mills produce the suèded cotton cloth from which suède fabric gloves are made. In November, 1921, this cloth cost \$1 a square yard to manufacture in the United States, and in Germany \$0.47 a square yard.

Rates suggested.—Knit fabric, in the piece, composed wholly or in chief value of cotton or other vegetable fiber, made on a warp-

knitting machine, 60 per cent on American valuation, but not less than 50 cents a square yard.

Remarks.—Germany is the greatest competitor. No suèded cotton cloth from which suède gloves are made is coming in, because it is more profitable for Germany to make the gloves and send them to the United States. One German manufacturer, writing on October 18, 1921, states that in finished cloth gloves his firm is sold up for a year ahead.

PARAGRAPH 914.—COTTON GLOVES, ETC.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Lucius Littauer, representing manufacturers of cotton gloves, New York City.

FAVORING LOWER DUTIES:

Julius Kayser Co., New York City. (Brief.)

Hearings: Pages 3414-3429.

Witness: Mr. Lucius Littauer, New York City.

Size of industry.—Capital invested, \$7,000,000 in 1918, employing about 20,000 people. To-day no people are employed, on account of the low cost of imported gloves.

Rates suggested.—An ad valorem rate of not less than \$3 per dozen pairs, 11 inches or less in length, and, in addition thereto, 15 cents per dozen for each inch in length in excess of 11 inches.

Remarks.—In 1918 there were made here 1,300,000 dozens and in 1920 about 31,000 dozens, while to-day there are none produced.

Witness: Julius Kayser Co., New York City. (Brief; no appearance at hearings.)

Size of industry.—The fabric-glove industry, at its peak during the war, employed about 5,000 people drawn from the leather and silk glove industries. Skilled labor is always scarce in these industries, and operators diverted to the manufacture of fabric gloves will be in demand for the manufacture of leather and silk gloves.

Comparability.—The German pre-war price on a glove retailing for 25 cents a pair was 4½ marks less 5 per cent discount, equal to \$1 per dozen pairs. In August, 1921, the price was 125 marks (1 mark=\$0.015), or approximately \$1.87½ per dozen. For spring, 1922, delivery the price demanded in dollars is \$1.85 to \$2. There has been a larger percentage of increase in the price of imported cotton gloves than of domestic silk gloves. Cotton gloves have advanced from 75 to 100 per cent, silk gloves from 50 to 60 per cent.

The imported glove is superior to the domestic; after extensive experimentation the company was convinced that, regardless of price, an article could not be made in this country which would give the customer the same amount of satisfaction as the German product. During the war, the company manufactured over 3,500 dozen a week, but buyers were practically unanimous in stating that they preferred the imported gloves.

Rates suggested.—No rates were suggested, but the witness gave it as his opinion that to attempt to fix an excessive permanent tariff for years, because of shifting conditions as they exist is ical and unwise.

Remarks.—Imported fabric gloves have been referred to as "chamoisette." This word was copyrighted by Julius Kayser & Co. and registered at every customhouse in the United States. Others import this glove under different names.

PARAGRAPH 917.—PLAIN COTTON HANDKERCHIEFS AND MUFFLERS.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Joseph W. Stein, representing the Tariff Committee of American Cotton and Linen Handkerchief Manufacturers, New York City.

Hearings: Pages 3430–3434 (Brief).

Size of industry.—The industry represented here employs 10,000 workers, with a yearly wage ranging from \$7,500,000 to \$10,000,000. This also includes linen handkerchiefs. (See par. 1430.)

Rates suggested.—Handkerchiefs or mufflers composed of cotton cloth, in the piece or otherwise, finished or unfinished, not hemmed, shall pay the same rate and amount of duty on the cotton cloth of which they are composed as is imposed by this act on cotton cloth of the same kind and description. If such handkerchiefs are hemmed only, they shall pay 9 per cent ad valorem in addition thereto: *Provided*, That such handkerchiefs and mufflers shall not pay a less rate of duty than 30 per cent ad valorem. Handkerchiefs and mufflers composed of cotton cloth in the piece or otherwise, finished or unfinished, hemstitched or imitation hemstitched, or revered, or having drawn threads, shall pay a duty of 37½ per cent ad valorem.

Remarks.—Wages paid here are fully 25 per cent above those paid in England, from which the greatest competition comes. Production costs here are double those in England.

PARAGRAPH 918.—SHIRT COLLARS AND CUFFS.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. James S. Parker, representing the Association of Collar Manufacturers, Troy, N. Y.

Hearings: Pages 3434–3438.

Size of industry: Capital invested, \$39,000,000, yearly pay roll, \$16,500,000.

Rates suggested.—Increase as follows: Shirt collars and cuffs of cotton, 35 cents per dozen pieces and 15 per cent ad valorem.

Remarks.—Imports in 1912 were 7,564 dozen, valued at \$0.92 per dozen; in 1913 there were 7,726 dozen imported, valued at \$1.01 per dozen; and the 1920 imports were 22,667 dozen, valued at \$1.88 per dozen.

Rates suggested.—In a brief supplementing the witness's testimony, reference is made to the association's original recommendation of 40 cents per dozen and 20 per cent ad valorem on linen collars. At a subsequent conference with a subcommittee of the Ways and Means Committee, these recommendations were modified to 30 cents per

dozen and 20 per cent ad valorem. The rates proposed in H. R. 7456 are 28 cents per dozen and 17 per cent ad valorem. Under the act of 1913 linen collars are dutiable at 30 per cent ad valorem.

Remarks.—The rates drawn up in H. R. 7456, it is believed, arise through a misconception of the importance of this provision, or through a mistake. One can not reconcile the lowering of the duty on linen collars to a rate practically equivalent to that carried in a Democratic tariff law with a desire to have the new tariff bill serve as a perpetuation of American standards of living.

PARAGRAPH 919.—LACE WINDOW CURTAINS, NETS, ETC.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES :

Mr. George E. Lackey, representing the Lace Curtain Manufacturers' Association of America, No. 30 East Twentieth Street, New York City.

Hearings: Pages 3438-3441.

Size of industry.—About \$17,000,000 is invested in United States plants.

Rates suggested.—Paragraph 919 to be amended as follows:

Lace window curtains, nets, nettings, pillow shams, bed sets, and all other articles and fabrics, by whatever name known, plain or jacquard figured, finished or unfinished, wholly or partly manufactured, for every use whatsoever, made on the Nottingham lace curtain machine and composed of cotton or other vegetable fiber, when counting five points or spaces between the warp threads to the inch, 2 cents per square yard; when counting more than five points or spaces to the inch, 1 cent per square yard in addition for each point in excess of five; and in addition thereto, on all the foregoing articles in this paragraph, 20 per cent ad valorem: *Provided*, That none of the foregoing shall pay a less rate of duty than 40 per cent ad valorem, nor a greater rate of duty than 45 per cent ad valorem.

Remarks.—Exports are principally to Canada and the total is less than one-half of 1 per cent. There are 1,711 machines employed in this work abroad and 470 here. England has 36 per cent of all machinery, the Central Powers 24 per cent, and the United States 21 per cent.

SCHEDULE 10.—FLAX, HEMP, AND JUTE, AND MANUFACTURES OF.

PARAGRAPH 1001.—FLAX STRAW, FLAX NOT HACKLED, ETC.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES :

Senator Edwin F. Ladd, of North Dakota, representing the flax growers of North Dakota.

Hearings: Pages 3443-3444.

Remarks.—The real reason for the failure of the fiber flax industry in this country is that it has never had any real protection or any great encouragement in the region where flax is grown. Reasonable protection would encourage the farmer to grow flax. If the policy in force since 1912 is continued, there will be no domestic flax industry in five years more. In 1912, domestic production was very
w^h than at the present time. In the Eastern States
w^h n grown in times past, the flax welt largely de-

stroyed the growth; but in the West a well-resistant flax has been developed. It is not impossible to develop a machine that will pull flax in a satisfactory manner, nor is it impossible to develop a process of retting similar to that now used in North Dakota for retting other fibers.

PARAGRAPH 1001.—RAW FLAX AND RAW HEMP.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING LOWER DUTIES.

Mr. John F. Conway, representing E. F. Drew & Co., importers and manufacturers, New York City.

Hearings: Page 3327 of Schedule 9.

This item is included in brief, dealing with paragraphs in Schedules 9 and 10, covering pages 3315–3331, Schedule 9. As regards paragraph 1001, the opinion is expressed that it seems unnecessary to place any duty whatever on raw material in view of its present world-wide scarcity.

PARAGRAPH 1001.—HEMP, HEMP TOW, AND HEMP HACKLED.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING LOWER DUTIES.

The Italian Chamber of Commerce in New York, representing importers, exporters, and Italian and American manufacturers.

Hearings: Pages 2583–2584 of Schedule 7. (Part of a brief (pp. 2576–2592) dealing with a variety of Italian products.)

Costs and selling prices.—Owing to recent improvements in the use of harvesting machinery and the establishment of central mills for breaking the hemp stalks and cleaning the fiber by efficient machinery, hemp is produced to-day in the United States far more cheaply than abroad, where hand labor still prevails, requiring a far greater number of operatives to perform the same work.

Size of industry.—The domestic hemp industry, notwithstanding hemp being on the free list, has prospered without governmental aid. Domestic products now compete with imported articles, which are now limited to those of a very high grade. Imports of hemp in 1917 amounted to 9,635 tons and in 1920 to 4,076 tons.

Rates suggested.—It is requested that hemp, hemp tow, and hemp hackled, which have not been farther advanced than the condition of raw material, be kept on the free list.

Remarks.—Hemp is a raw material essential to the manufacture of high grade cordage and twine and to the manufacture of carpet yarns and rough linens, for which purposes Italian raw hemp is far superior to all other hems. A duty on hemp would be only a hindrance to American manufacturers and a burden to American consumers.

Through the invention and use of labor-saving machinery, hemp is now grown and handled in the United States as easily as any staple American crop. No duty is needed by American growers, as their industry under free trade has grown to such an extent that it is capable of existing and prospering on its own merits.

PARAGRAPH 1002.—SLIVER AND ROVING OF FLAX, HEMP, RAMIE, OR OTHER VEGETABLE FIBER N. S. P. F.

WITNESS, AND INTEREST REPRESENTED.

FAVORING LOWER DUTIES:

Mr. John F. Conway, representing E. F. Drew & Co. (Inc), importers and manufacturers, New York City.

Hearings: Page 3327 of Schedule 9.

Rates suggested.—In a brief dealing with items of Schedules 9 to 12 (pp. 3315–3331) it is stated that a duty of 5 per cent would seem ample, with heavy freight and import charges, which will amount to about 5 cents per pound additional. These charges in themselves are ample protection.

Remarks.—The rates proposed on sliver and roving of flax, hemp, and other fibers are high. On account of the bulky nature of this material and consequent high freight rates, it is difficult to import sliver and roving except for specialties.

PARAGRAPH 1003.—JUTE YARNS, TWIST, TWINE, CORDAGE.

WITNESS, AND INTEREST REPRESENTED.

FAVORING LOWER DUTIES:

Mr. John F. Conway, representing E. F. Drew & Co. (Inc), importers and manufacturers, New York City.

Hearings: Page 3328 of Schedule 9.

Rates suggested.—The reference to this item is included in a brief (pp. 3315–3331) covering several paragraphs of Schedules 9 to 12. It is stated that the rates for jute yarn under the act of 1913, depending upon the number of lea, were 15 and 20 per cent. These rates seem ample, as very little jute yarn has been imported, except on the finer-sized or at times when domestic prices were very high.

Remarks.—Under the prices now prevailing, the rates proposed in paragraph 1003 of H. R. 7456 will be very high. On the basis of present prices, they would range from 25 to 40 per cent and under normal conditions from 33 to 50 per cent ad valorem.

PARAGRAPH 1003.—JUTE YARNS AND CORDAGE.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. J. E. Barbour, representing the Allentown Spinning Co., the American Manufacturing Co., the Chelsea Fiber Mills, the Columbian Rope Co., the Dolphin Jute Mills, the Hanover Cordage Co., the Hoover & Allison Co., the Lamond & Robertson Co., the Schlichter Jute Cordage Co., the Sutherland & Edwards Co., the Wilmington Mills.

Hearings: Pages 3444–3452.

Costs and selling prices.—Wages in Calcutta average \$1.70 per week; in Dundee, \$1.50 per day; and in the United States, \$3 per day. The Indian mills run 13½ hours per day, and only one and one-

half operatives are required to equal the production of one American operative.

Size of industry.—The American industry has a capital investment of about \$60,000,000 and employs about 10,000 hands. The domestic consumption of jute by domestic manufacturers amounts to 220,000,000 pounds yearly, 70,000,000 pounds of which are consumed in cotton bagging and the remainder in thread, twine, and string, and in yarn for manufacture into carpets.

Rates suggested.—The rates and classifications requested are identical with those submitted to the Ways and Means Committee, which reduced the number of groups from 5 to 4 and lowered the individual rates. It is requested that paragraph 1003 of H. R. 7456 be changed to read as follows:

	Cents per pound.
Jute yarns or roving. Single:	
Coarser than 20-pound.....	3
20-pound to 11-pound.....	5
10-pound to 7-pound.....	7
6-pound to 5-pound.....	9
4-pound and finer.....	11
Jute sliver.....	2
Jute, twist, twine and cordage:	
Coarser than 20-pound.....	5
20-pound to 11-pound.....	7
10-pound to 7-pound.....	9
6-pound to 5-pound.....	11
4-pound and finer.....	14

The term "pound" is used exclusively in the jute trade and refers to a fixed length of 14,400 yards; the higher the count, the coarser the yarn, which is the opposite of the yarn numbering systems used in the cotton and linen trades where the base is a fixed weight.

In the original brief the groupings were reduced to a minimum with a view to simplification; any further reduction tends to make the rates not only inadequate but out of proportion.

A specific rate of duty is required because variations in wages in this country and abroad are in substantially the same ratio. Consequently, a specific duty more adequately represents the difference in wages and cost of production than an ad valorem, based not only upon relative wages but also upon the cost of raw material. The time and labor required to produce a pound of fine yarn or twine varies directly in proportion to its size. The finer the yarn and twine, the greater the time and labor cost required for the manufacture.

Remarks.—Calcutta, India, and Dundee are the sources of competition, with Dundee supplying up to the present the bulk of imports. During the last four years, however, the jute mills in India have increased 30 per cent in capacity, so that their capacity for burlap at the present time is in excess of export requirements. As yarn is the foundation of burlap, India will naturally turn to increasing very materially her exports of yarn and twine.

In a brief filed by the witness (pp. 3448-3452) a change in the groupings of paragraph 1003 is suggested. The rates in H. R. 7456 are regarded as inadequate.

PARAGRAPH 1004.—YARNS AND CORDAGE OF FLAX, HEMP, OR RAMIE.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Robert Barbour, representing the Linen Thread Co., the Barbour Flax Spinning Co., the Smith & Dove Manufacturing Co., J. E. Barbour Co., West End Thread Co., R. J. Ederer Co., Superior Thread & Yarn Co., Chelsea Fiber Mills.

Mr. George F. Smith, representing the Smith & Dove Manufacturing Co., Andover, Mass.

Hearings: Pages 3453-3462.

Witness: Mr. Robert Barbour.

Costs and selling prices.—In the United Kingdom spreaders and spinners each receive 15.63 cents an hour as compared with 36.8 cents for spreaders and 40.7 cents for spinners in the United States. At the present time, Italian hemp yarn is being sold freely in this country at 25 cents per pound, whereas the cost of producing similar yarn in this country is 30 cents per pound for four-lea and 32 cents for five-lea yarn.

Comparability.—The bulk of imported flax, hemp, and ramie yarns are comparable with domestic goods.

Rates suggested.—The duties proposed in H. R. 7456 as affecting threads or cords are inconsistent with those proposed for single yarns. The labor item in the manufacture and finishing of threads and cords involves just double the amount required in the manufacture of the yarn from which such threads and cords are made. The duty, therefore, per lea or number on the threads, twines, or cords, should be just double that on the single yarn.

The proposed duty on yarns carries an additional duty of 5 cents per pound when the yarns are boiled, bleached, dyed, or otherwise treated. It would be inconsistent not to add a similar duty for the dyeing, bleaching, or otherwise finishing the threads, twines, or cords.

It is requested that the latter portion of paragraph 1004 be changed as follows:

	Cents per pound.
Threads, twines, cords, composed of 2 or more yarns of flax, hemp, or ramie, or a mixture of any of them, twisted or braided together, the size of the single yarn of which is not finer than 8-lea-----	16
Finer than 8-lea and not finer than 40-lea-----	16
And 1 cent per pound additional for each lea or part of a lea in excess of 8.	
Finer than 40-lea-----	53

And, in addition, on any of the foregoing threads, twines, or cords, when boiled, bleached, dyed, or otherwise treated, 6 cents per pound: *Provided*, That the duty on the foregoing threads, twines, and cords shall be not less than 23 per cent ad valorem.

Specific duties are requested in order to differentiate between the cost of manufacturing here and abroad. When prices fluctuate, the difference in manufacturing costs here and abroad remains the same, and the only really practical duty is a specific duty, which has nothing to do with the value of the product.

Hearings: Pages 3462-3463.

Witness: Mr. G. F. Smith, representing the Smith & Dove Manufacturing Co.

Costs and selling prices.—Present prices of imported yarn are nearly double what they were during the prewar period; during the war they were from three to four times as great.

Comparability.—The Smith & Dove Manufacturing Co. and, the witness believes, all the other domestic manufacturers of flax yarns, are prepared to furnish satisfactory hose yarns and weaving yarns provided they can get their prices. These firms are not furnishing such yarns to-day because foreign yarns are being imported at prices with which they can not compete.

Rates suggested.—In H. R. 7456 there is a differential duty of 5 cents per pound additional to gray yarns, for all yarns which have been boiled, bleached, or treated. In the case of threads, there is no differential, and it is suggested that 6 cents a pound additional be provided on threads that are boiled, bleached, or otherwise treated. It is further requested, since the labor of converting the yarn into thread, winding it and preparing it for the market is at least double the labor on yarn, that the duty placed on the threads should be double that on the yarns, namely, 1 cent additional per lea.

PARAGRAPH 1004.—FLAX YARNS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING LOWER DUTIES:

Mr. Linus C. Coggan, representing The Eureka Fire Hose Manufacturing Co., Jersey City, N. J.; Charles Niedner's Son Co., Malden, Mass.; Wm. & Chas. Beck (Inc.), Lawrence, Mass.

Mr. N. R. Foster, representing The Niagara Textile Co., Lockport, N. Y.

Hearings: Pages 3463-3466.

Witness: Mr. Linus C. Coggan.

Costs and selling prices.—Slightly more than 1 pound of boiled yarn is required to make 1 pound of linen fire hose.

Size of industry.—The three firms here represented produce all the unlined linen fire hose woven in the United States.

Comparability.—There is not grown in this country a suitable flax, neither is there manufactured a flax-line yarn suitable for making high-grade linen fire hose.

Rates suggested.—(1) The addition to paragraph 1004 of the words: "Provided, That flax-line yarns of 8 lea and not finer than 20 lea, imported solely for the manufacture of linen fire hose, shall be admitted free of duty." The only result of imposing a duty on flax-line yarn suitable for manufacture into fire hose is to make the American consumer pay more for his product, and hose being an element entering into building construction, such costs should be cut down.

(2) If the preceding recommendation be not adopted, it is suggested that an ad valorem duty of 20 per cent be placed on flax-line yarns of 8 and not finer than 20 lea, rather than a specific duty. Assuming that hose now selling for \$2 a pound was selling for 75 cents a pound in 1914, and that yarn now costing 75 cents a pound, without duty, costs 25 cents a pound in 1914, then if prices should recede to their pre-war level on hose and yarn, the proposed duties would be equivalent to the specific duty of 20 cents per pound on yarn costing 25 cents per pound—an ad valorem duty of 80 per cent—while foreign competitors would be paying 26 per cent or 19½ cents per pound.

Remarks.—Domestic yarn manufacturers are unable to supply the domestic demand for flax-line yarn suitable for hose purposes. Placing a specific duty upon linen yarns under so broad a classification as requested by the yarn manufacturers means putting a noncompetitive price upon flax-line yarn suitable for the manufacture of linen fire hose. (For a fuller discussion of this witness's remarks, see paragraph 1007, Hose for conducting water, etc.).

Hearings: Pages 3467-3474.

Witness: Mr. N. R. Foster, Lockport, N. Y.

Costs and selling prices.—Stating the price of 14-lea single-bleached weft yarn under American valuation, shows how domestic manufactures of linen fabrics are affected by the rates on linen yarns. The value of such yarn at the port of entry on to-day's price would be 48 cents, and the duty proposed by H. R. 7456 would be 16 cents, an equivalent ad valorem of $33\frac{1}{3}$ per cent.

Comparability.—Linen-yarn spinning in America is very restricted, and good yarns of the right character are not yet produced in sufficient quantity to supply American looms weaving linen fabrics.

Rates suggested.—Rates on linen yarns proposed in H. R. 7456 should be lowered or else increased duties placed on linen fabrics. The differential should be at least 25 per cent. Under the act of 1913 the duty on linen yarn is 20 per cent, and on present costs the specific duties in H. R. 7456 will more than double the amount paid before the war. If prices recede to their pre-war level, the specific duty will range from 70 to 80 per cent and more. At these excessive rates, however, there will be no imports of linen yarns suitable for the manufacture of household linens. (For a fuller discussion of this witness's remarks, see paragraph 1009, Linen fabrics.)

PARAGRAPH 1004.—HEMP YARNS.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING LOWER DUTIES:

Italian Chamber of Commerce in New York, representing importers, exporters, and representative Italian and American manufacturers, New York City.

Hearings: Pages 2584-2585 of Schedule 7. (Part of a brief (pp. 2576-2592) dealing with a variety of Italian products.)

Costs and selling prices.—It is urged that the increase proposed by H. R. 7456 would stop the importation of all semi-raw material, which domestic manufacturers of thread and twine should be able to obtain at the least possible cost.

Comparability.—Practically all the imports consist of a coarser grade of yarn suitable for twine or cordage or for filling purposes in the manufacture of carpets.

Rates suggested.—That the rates on hemp yarns in H. R. 7456 be reduced 75 or 50 per cent, and if this is impossible that such rates be replaced by those of the act of 1909, substituting, however, the equivalent specific rates for the ad valorem rates found in that act.

Remarks.—The present tariff amply protects the domestic industry manufacturing hemp yarns, as is shown by the fact that the domestic

consumption of domestic yarn is far greater than the quantities imported or likely to be imported. Imported hemp yarns, especially those not finer than 8 lea, are scarcely manufactured in the United States; this is owing to the difficulty of production and to the objection of labor to the hard work necessary for their manufacture. Consequently, there are only two or three spinners producing this type of yarn for the carpet industry and their supply is insufficient for the needs of that industry.

By returning raw hemp to the free list, it would seem that the duty, ranging between 12 and 20 per cent ad valorem on the yarn, would protect the American yarn manufacturer without imposing any hardship on the American consumer.

PARAGRAPH 1004.—HEMP THREADS, TWINES, OR CORDS.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING LOWER DUTIES:

The Italian Chamber of Commerce in New York, representing importers, exporters, and representative Italian and American manufacturers, New York City.

Hearings: Page 2585 of Schedule 7. (Part of a brief (pp. 2576-2592) dealing with a variety of Italian products.)

Rates suggested.—The rates on hemp threads, twines, and cords proposed in H. R. 7456 be reduced 75 or 50 per cent; if this be impossible, they should be replaced by paragraph 340 of the act of 1909.

Remarks.—The importation of these articles has been practically nil under the present tariff rate of 20 per cent. The rates proposed by H. R. 7456, which are much higher than those in the act of 1909, would absolutely prohibit imports.

PARAGRAPHS 1004, 1006, AND 1007.—LINEN THREADS, TWINES, AND CORDS.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Robert Barbour, representing the Linen Thread Co., the Barbour Flax Spinning Co., the Smith & Dove Manufacturing Co., J. E. Barbour Co., West End Thread Co., R. J. Ederer Co., Superior Thread & Yarn Co., and Chelsea Fiber Mills.

Hearings: Pages 3453-3460.

Remarks.—In normal times America will not be able to compete in production of the proper flax fiber, primarily because of the lack of experience on the part of the farming class. Flax, to be properly produced, should be cultivated in small units and is most successful where men, women, and children produce the flax and turn it over to the scutch mills. The conversion of the straw to the raw material causes the trouble in America. The soil is good and the climatic conditions are favorable, but skilled operatives are lacking. The Barbour Flax Spinning Co. was largely responsible for the increased American acreage during the war, but its attempts to develop machines for pulling the flax were an absolute failure. Likewise, attempts made to rett and scutch by machinery at a central plant had to be abandoned.

PARAGRAPHS 1004, 1009, AND 1013.—LINEN TOWELS, NAPKINS, AND CRASHES.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. N. R. Foster, representing the Niagara Textile Co., Lockport, N. Y.

Hearings: Pages 3467-3474.

Costs and selling prices.—At the present time all-linen towels and napkins are being brought into this country at very near the price for which similar goods, of part linen and part cotton, can be made here. When central Europe begins to have the benefit of cheaper cotton and cheaper flax many of the lines which are now being made in the United States will be discontinued through inability to compete with foreign products.

Size of industry.—There may be 12 or 14 factories that manufacture similar goods.

Comparability.—The manufacture of linen fabrics "is probably America's most infant industry; given a helpful tariff it can be made one of her greatest." There are imported annually about \$50,000,000 worth of household linens, of which the greater part can eventually be made in this country.

Rates suggested.—As good linen yarns, the raw material of this industry, are not yet produced in sufficient quantity to supply American looms, it is of particular importance to protect fabric manufacturers in the matter of linen yarns. It is suggested that the following be added to paragraph 1004: "That all flax or tow yarns imported to be woven into fabrics take not over 15 per cent ad valorem, and on any of the foregoing yarns when boiled, bleached, or otherwise treated, an additional 5 cents per pound be added." The rate on the finished fabric is reduced in H. R. 7456 from 35 to 28 per cent, while linen yarns are being raised from 20 per cent, the rate in the Act of 1913, to 40 up to 80 per cent, or more. The differential between the yarn and the woven fabric should be at least 25 per cent. (See remarks on flax yarn, paragraph 1004.)

Remarks.—Under H. R. 7456, the flax grower and the linen yarn spinner are given liberal and increased protection, while the fabric manufacturer, who uses raw flax and flax yarn as his raw materials, is given a decrease in duties. Manufacturers of flax fabrics must be able either to secure their yarns at a lower rate or to have increased protection on the finished linen fabric.

PARAGRAPH 1005.—CORDAGE AND ROPE.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Francis C. Holmes, representing American Manufacturing Co., Columbian Rope Co., Cupples Cordage Co. (Inc.), Edwin H. Fitler Co., the Hooven & Allison Co., R. A. Kelly Co., New Bedford Cordage Co., Peoria Cordage Co., Plymouth Cordage Co., Rinek Cordage Co., E. T. Rugg & Co., Tubbs Cordage Co., Wall Rope Works (Inc.), Waterbury Co., and Whitlock Cordage Co.

Hearings: Pages 3475-3478.

Costs and selling prices.—In the months of January-September, average total cost per pound of manufacturing and selling the United States obtained from a number of domestic

manufacturers, was 15.21 cents as against 12.09 cents for the declared value of foreign cordage imported during the same period and 11.01 cents for all entered from the Philippines. The wages now paid the men employed in American cordage industries range from 43 cents to 55 cents per hour as compared with from 14 to 30 cents for the corresponding classes of English workmen.

Rates suggested.—Cordage should carry a duty of 2½ cents per pound, equivalent to 13.15 per cent ad valorem on the present American market price of manila cordage, this figure comparing with 13.6 per cent in the years prior to 1913. As wages throughout the world are more than double pre-war, the amount of specific protection should be made to correspond.

Remarks.—Europe's production will generally increase within the next few years, with constantly swelling exports. Before the war not one cordage manufacturer had an American branch, but two (one British and one Dutch) have since opened branches in New York City.

Philippine competition.—The closing paragraphs of the brief (pp. 3477-3478) are devoted to the question of Philippine competition in this industry, as abstracted below.

Costs and selling prices.—The total cost in January-September, 1921, of manufacturing cordage as obtained from the number of domestic manufactures was 15.21 cents per pound as against 11.01 cents for the declared value of cordage imported from the Philippines in the same time. The average wage in the United States paid to common male labor in the cordage industry is from 46 to 55 cents an hour as contrasted with 75 cents per day in the Philippines. For female workers the rates are 28 to 45 cents per hour in the United States and 40 cents per day in the Philippines. In 1919 the cordage imported from the Philippines was entered at from 3 to 5 cents below American market prices.

Rates suggested.—A duty of 2½ cents per pound to be placed on all cordage coming from the Philippines.

Remarks.—Prior to 1917 there was practically no Philippine cordage imported. In 1919 there was imported from this source about 1,352,000 pounds. All imports of convict-made goods should be prohibited and Philippine prison labor should be no exception to this rule. Section 5304, United States Compiled Statutes, should be amended.

PARAGRAPH 1006.—FLAX FISH NETTING AND NETS.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Brief submitted by Mr. Robert Barbour in behalf of the American Net and Twine Co., R. J. Ederer Co., Fish Net & Twine Co., and National Net & Twine Co.

Hearings: Pages 3460-3461.

Rates suggested.—The differential of 10 per cent over the threads, twines, or cords from which fish netting or nets are made to be increased to 40 per cent.

Remarks.—The threads, twines, and cords are raw material to the net manufacturer, who converts them into netting and nets. As the

paragraph stands in H. R. 7456, the only protection the netting manufacturer receives is 10 per cent, which is wholly inadequate. Recent quotations by European and Japanese manufacturers show that the ad valorem duty of 10 per cent must be increased to at least 40 per cent if this country is to continue manufacturing fish netting.

PARAGRAPH 1007.—HYDRAULIC HOSE.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Limus C. Coggan, Boston, Mass., representing the Eureka Fire Hose Manufacturing Co., Charles Niedner's Sons Co., and Wm. & Chas. Beck (Inc.).

Hearings: Pages 3463-3466.

Costs and selling prices.—It can be assumed as substantially correct that the foreign manufacturer, through his cheap labor and material, can manufacture, for \$1.25 per pound, hose which is comparable to the domestic article selling for \$2.

Size of industry.—The three companies here represented make practically all the linen-fiber hose produced in the United States.

Comparability.—Foreign linen hose is comparable to the American product.

Rates suggested.—A change in the duty on linen fire hose from 26 to 50 per cent ad valorem; and in any event, a differential of 30 per cent between the ad valorem duty on flax-line yarn of 8 lea and not finer than 20 lea, and finished linen fire hose. (See paragraph 1003 for views regarding changes in proposed duties on linen yarn.)

Remarks.—If it should seem wise to impose a duty upon flax-line yarns admitted for manufacture into hose or for any other purpose, the duty should be on an ad valorem instead of upon a specific basis. The specific duty on linen yarns proposed in paragraph 1004 of H. R. 7456 is wholly impractical and unscientific and may, under potential future conditions, drive out of existence manufacturers producing this class of material. Linen hose under the duties proposed is assessed at an ad valorem duty of 26 per cent, while the raw material, or the yarn, is advanced from an ad valorem duty of 20 per cent to a specific duty, the equivalent ad valorem of which amounts to from 35 to 40 per cent of present-day values and from 70 to 80 per cent of prewar values.

PARAGRAPH 1008.—JUTE CLOTHS, PROCESSED.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Frank Ewer, representing the Bemis Bros. Bag Co., Boston.

FAVORING LOWER DUTIES:

Mr. J. E. Barbour, representing the Allentown Spinning Co., the American Manufacturing Co., the Chelsea Fiber Mills, The Columbian Rope Co., the Dolphin Jute Mills, the Hanover Cordage Co., the Hooven & Allison Co., Lamond & Robertson Co., the Schlichter Jute Cordage Co., the Sutherland & Edwards Co., and the Wilmington Mills. (Brief.)

Hearings: Pages 3481-3482.

Witness: Mr. Frank Ewer, representing the Bemis Bros. Bag Co., Boston.

Rates suggested.—An addition of 7 per cent to the ad valorem rate, making the total duty on jute cloths which have been printed, dyed, etc., 1 cent per pound, plus 20 per cent ad valorem.

Hearings: Page 3450.

Witness: Mr. J. E. Barbour (as above).

Rates suggested.—The same rates to be maintained as are found in the act of 1913. The wording of the act of 1913 to be modified so as to exclude "all fabrics known or used as carpets, carpeting, mats, and rugs."

PARAGRAPHS 1008, 1009, 1017, AND 1019.—JUTE BAGS AND SACKS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. J. F. Simpson, representing the Maginnis Cotton Mills, New Orleans, La.
Mr. Frank Ewer, representing the Bemis Bros. Bag Co., Boston, Mass.

Hearings: Pages 3478-3480.

Witness: Mr. J. F. Simpson, representing the Maginnis Cotton Mills, New Orleans, La.

Costs and selling prices.—At present the heavy cotton sack made for 100 pounds of granulated sugar is in competition with the double bag, consisting of an outer covering of burlap and an interlining of cotton. This is possible because the accumulation of low-grade cotton has depressed its price 5 cents a pound below the current price of middling cotton.

Size of industry.—Nothing would be more helpful toward stabilizing low-grade cottons to a reasonable value than a duty on burlap and burlap bags. Once the cotton bag made from low-grade cotton is established, its uses will spread to the shipment of many other commodities. Increased consumption of low-grade cotton in bags will increase the prosperity of the cotton grower.

Comparability.—In every normal cotton crop there is a large proportion of low-grade cotton. Within the last few years American cotton mills, through the installation of very expensive machinery, have proved that low-grade cotton can be made into bags, twine, and rope which are satisfactory in strength and service to the consumer.

Rates suggested.—On burlap, a duty of 1 cent per pound and 25 per cent ad valorem, and on bags at least 20 per cent more than on the burlap.

Remarks.—The cotton farmer has been burdened in the past few years by 2,000,000 to 3,000,000 bales of considerably lower grade cotton than this country has been accustomed to spinning. Only in recent years has machinery been adapted and perfected which will permit the utilization of this cotton for the manufacture of bags, twine, and rope capable of competing with similar articles made from jute and sisal.

Hearings: Pages 3481-3482.

Witness: Mr. Frank Ewer, representing the Bemis Bros. Bag Co., Boston, Mass.

Rates suggested.—(1) Bags or sacks made from jute fabrics, not bleached, printed, etc., 1 cent per pound, and in addition thereto 20

per cent ad valorem; (2) bags or sacks bleached, printed, etc., 1 cent per pound, and in addition thereto 33 per cent ad valorem.

Remarks.—An additional 3 per cent ad valorem is asked on paragraph 1017. Under previous tariffs a distinction has been made between fabrics not bleached, printed, etc., and those which have been bleached, printed, etc.; a like distinction was also made on jute bags. In H. R. 7456, while a distinction is made in the duties assessed on cloths which have been bleached, printed, etc., and those which have not been so treated, a similar distinction on bags has not been made.

PARAGRAPHS 1009, 1010, 1012, 1013, 1015.—LINEN FABRICS.

WITNESS, AND INTEREST REPRESENTED.

FAVORING LOWER DUTIES:

Mr. W. A. McCleary, representing linen importers and traders.

Hearings: Pages 3483-3485.

Size of industry.—With the exception of a very few coarse fabrics, usually mixed with cotton, practically the entire domestic consumption is imported. To a very large extent such fabrics are used as raw materials in the manufacture of dresses, embroideries, furniture coverings, waists, and for a great many other purposes.

Rates suggested.—That Schedule J be reenacted into Schedule 10, exactly as it stands in the act of 1913, both as to wording and classification, and that the duty on plain woven fabrics or flax be continued at 30 per cent. This is suggested in order to avoid dislocation of trade, and for maintaining revenue, avoiding unnecessary litigation, and preventing protests from consumers over the advance in prices that follow increases in duties.

Remarks.—Any change tending to increase prices to the consumer will decrease revenue from duties and considerably cut down the quantities imported. Owing to keen competition, the profits in the linen trade are small, and any increase, whether of market price or duty, is immediately passed on to the consumer. A change of rates would be quickly noticed by all users of handkerchiefs, table cloths, wearing apparel, etc.

PARAGRAPH 1010.—PADDINGS AND INTERLININGS OF FLAX, HEMP, AND JUTE.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Maurice Goldman, representing the Milford Spinning & Weaving Corporation, Milford, N. H.

FAVORING LOWER DUTIES:

Mr. James Gilmore, Nutley, N. J., representing importers of paddings.
B. Kuppenheimer & Co., Chicago, Ill. (Brief.)

Hearings: Pages 3486-3488.

Witness: Mr. Maurice A. Goldman, representing the Milford Spinning & Weaving Corporation.

Costs and selling prices.—The wages paid in competing countries are about one-third of the domestic.

Size of industry.—Domestic production is about 5,000,000 yards a year as against imports of about 50,000,000 yards.

Comparability.—The American product is accepted by the trade as being equal to that of foreign manufacture.

Rates suggested.—It is requested that paragraph 1010 of H. R. 7456 read as follows:

Woven fabrics, composed wholly or in chief value of flax, hemp, or jute, exceeding 30 and not exceeding 120 threads to the square inch, counting the warp and filling, and weighing not less than $4\frac{1}{2}$ and not more than 12 ounces per square yard, used as padding or interlinings in clothing, shall pay the same duty per pound as the highest rate imposed in this act upon any of the yarn of which the fabric is made and, in addition thereto, 25 per centum ad valorem.

Remarks.—The reason for making changes in paragraph 1010 is that the yarns used in the manufacture of these cloths, covered by paragraphs 1003 and 1004, are dutiable on a specific basis, while the finished product is dutiable under an ad valorem rate. Price fluctuations bring about at times a condition in which the amount of the specific duty on the raw material is greater than the amount of the ad valorem duty on the finished product. The duty on paddings as proposed in paragraph 1010 would, under normal conditions, be only two-thirds as much as the duty on the yarns. The changes suggested would afford at all times a compensatory duty for the duties imposed on the yarns and provide a differential for the cost of converting the yarn into paddings.

Hearings: Pages 3485–3486.

Witness: Mr. James Gilmore, Nutley, N. J., representing importers of jute paddings.

Size of industry.—There is no domestic industry in existence. The cloths are of a very low order.

Rates suggested.—Jute canvas or jute paddings are at present on the free list, and were taxed under the acts of 1897 and 1909 at 15 per cent ad valorem and seven-eighths of 1 cent per pound. Under paragraph 1010 of H. R. 7456 they are assessed at an extraordinary rate of duty, namely, 33 per cent ad valorem on American valuation. The word "jute" should be eliminated from paragraph 1010, which will cause jute paddings to fall under paragraph 1008, relating to jute cloths in general. All-jute paddings should not come in at a higher rate of duty than the jute cloths specified under paragraph 1008.

Remarks.—The clothing manufacturers should be given a chance to bring in a cheap fabric required in the very cheapest clothing. If the duty is increased as proposed in paragraph 1010, there will be an increase of 50 per cent in the cost of a pair of fronts used in a coat. It does not seem fair that such a high rate of duty should be imposed when the clothing people are trying to get the cost of clothing down, especially the cost of cheaper clothing.

Witness: B. Kuppenheimer & Co., Chicago, Ill. (Brief; no appearance at hearings.)

Costs and selling prices.—It is inconsistent to levy an excessive tariff upon paddings of all jute, one of the important raw materials used by clothing manufacturers. This will not only prevent a reduction in present costs but actually force an increase.

Size of industry.—As there is no domestic industry manufacturing paddings there is no industry to protect, either directly or indirectly, by new or increased duties.

Rates suggested.—In the absence of any helpful purpose and in the conviction that paragraph 1010 as it now stands will work harm, it is urged that the entire paragraph be stricken out of H. R. 7456, and that the rates on materials used for paddings and interlinings in clothing remain as in the act of 1913, namely, jute paddings, free, and linen paddings dutiable at 30 per cent ad valorem.

Remarks.—Paragraph 1010 of H. R. 7456 will work grave hardship on the very people it presumes to serve, for the following reasons: (1) It discriminates against clothing industries by proposing a higher duty on materials used by that industry than on similar materials destined for other industries; (2) it discriminates and penalizes the clothing industry by imposing an extraordinary duty on jute canvas, which now enters free, and increases the duty on linen canvas more than on other linen fabrics; (3) materials specified in paragraph 1010 are amply protected, whether for revenue or for protective purposes, by paragraphs 1008 and 1009 of the bill.

PARAGRAPH 1016.—LINEN HANDKERCHIEFS.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Joseph W. Stein, representing Herrman, Aukam & Co., the Acheson Harden Co., Alexander & Stein (Inc.), I. C. Herman & Co., Long Handkerchief Co. (Inc.), H. Rosenthal & Co. (Inc.), Newark Embroidery Works, Phillips, Weil & Norton, Schmidt Fitz-Gibbon Co., E. Heller & Bros. (Inc.), the International Handkerchief Manufacturing Co., and Duke, Macmahon & Co. (Brief.)

Hearings: Pages 3430-3433.

Costs and selling prices.—Without considering factory overhead, the American manufacturer pays his workers fully 25 per cent more than is paid to British workmen. At the present rate of duty and figuring the pound at \$4, the importer can land a dozen woman's colored woven border handkerchiefs at 58.5 cents per dozen net. A cost sheet submitted shows that the domestic cost of producing a similar article, made of the same material and in the same way, amounts to 81.28 cents per dozen net. Another example of the great disadvantage under which the domestic producer labors is shown in the item of hemstitching. In Belfast the wage paid for stitching a 12-inch handkerchief of 15 stitches is 2½ pence per dozen. Granting that the factory overhead of the English producer is the same as the American, his cost per dozen for hemstitching is 5 pence, or 8.40 cents, whereas the domestic cost, including overhead, is 14.96 cents.

Size of industry.—The industry manufacturing cotton and linen handkerchiefs employs approximately 10,000 workers and the yearly wage is from \$7,500,000 to \$10,000,000. In the American handkerchief trade there is actual open competition; monopoly is impossible.

Comparability.—The linen cloth out of which the handkerchiefs are made is not produced in the United States, but is manufactured in Ireland, shipped in the bleached state to the United States, where it is cut up, hemstitched, or otherwise manufactured.

Rates suggested.—In place of paragraph 1015 of H. R. 7456 it is requested that the following be substituted:

(1) Handkerchiefs composed wholly or in chief value of flax, hemp, or ramie, or vegetable fiber other than cotton, whether in the piece or otherwise, finished or unfinished, but not hemmed, shall pay the same rate of duty on the cloth contained therein as is imposed by this act on cloth of the same kind and description. (2) When such handkerchiefs are hemmed they shall pay an additional 9 per cent. *Provided*, That such handkerchiefs shall not pay a rate of duty of less than 30 per cent ad valorem. (3) Handkerchiefs made of the foregoing materials, in the piece or otherwise, finished or unfinished, hemstitched or imitation hemstitched, or revered, or having drawn threads, 37½ per cent. (4) Handkerchiefs composed of the foregoing materials, in the piece or otherwise, finished or unfinished, if embroidered in any manner with an initial, letter, monogram, or otherwise by hand or machinery, etc., 42 per cent ad valorem.

The above rates are based on American valuation.

Remarks.—The British manufacturer has such great advantages over the American competitor that if it had not been for the European war, which made labor in this line very scarce, this country would have been flooded with European handkerchiefs and the majority of the American factories would have been compelled to close.

PARAGRAPH 1018.—LINOLEUM, OILCLOTH AND PAPER-FELT FLOOR COVERINGS.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. John J. Evans, Lancaster, Pa., representing manufacturers of linoleum, oilcloth, and felt floor coverings.

Hearings: Pages 3488-3491.

Costs and selling prices.—The present comparative costs (material, labor, and overhead) of manufacturing linoleum, cork carpet, and corticine here and in England are respectively \$1 for the American manufacturer and 71 cents for the foreign. In the manufacture of floor oilcloth, for every dollar the domestic producer spends the English manufacturer pays out 79.5 cents.

Size of industry.—In 1904 the domestic production of linoleum and oilcloth floor covering was valued at \$9,700,000, in 1909 at \$15,500,000, and in 1919 at \$17,600,000. In 1914 the capital invested was over \$20,000,000, the persons engaged about 5,000, and the salaries and wages paid over \$3,000,000. The percentage of male employees in 1914 was 96 per cent of the total.

Rates suggested.—To compensate for the difference in the cost of manufacture of linoleum here and abroad, a duty of 40 per cent ad valorem. This on 71 cents—the foreign cost of manufacturing linoleum—amounts to 28.4 cents and is practically equal to the difference in cost of production. Similarly, a duty of 25 per cent on oilcloth floor coverings would equalize the difference of 20 cents between the cost of producing oilcloth here and abroad. Specific mention should be made of paper-felt floor covering, which is a new product, not

heretofore needing separate classification. Such paper-felt covering should bear the same duty as oilcloth for floors, its cost of manufacture being similar to that of oilcloth.

The suggested duties are based upon the continuance of the present rates of duty on the materials used in the manufacture of linoleum and floor oilcloth. Change in these rates would necessitate a corresponding change in the duties placed on the finished products. The principal raw materials used are burlap, cork, linseed oil, wood flour, pigments, lithopone, and gums.

Remarks.—From a customs administrative standpoint and from the standpoint of the American industry, it will be expedient to do away with the former classifications of the product based on width, and have all the various types of linoleum bear the same rate of duty. The act of 1909, which combined specific and ad valorem duties, made a complicated tariff paragraph.

A comparison of present selling prices in the United States with foreign-made linoleum would be unjust to domestic manufacturers, who have liquidated and charged off losses on stocks of raw materials and whose present selling prices are based on market or replacement values. On the other hand, foreign manufacturers are still maintaining prices in effect in April, 1920, the highest charged in the past decade.

PARAGRAPH 1019.—FABRICS OF VEGETABLE FIBER OTHER THAN COTTON, NOT SPECIALLY PROVIDED FOR.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING LOWER DUTIES:

Mr. J. E. Barbour, representing Allentown Spinning Co., American Manufacturing Co., Chelsea Fiber Mills, Columbian Rope Co., Dolphin Jute Mills, Hanover Cordage Co., the Hooven & Allison Co., Lamond & Robertson Co., the Schlichter Jute Cordage Co., the Sutherland & Edwards Co., and the Wilmington Mills.

Hearings: Pages 3444-3452.

Rates suggested.—The wording and the duty under this paragraph to be retained as in the act of 1913.

(For a fuller discussion of this brief, see paragraph 1003 relating to jute yarns and cordage.)

PARAGRAPH 1019.—LINEN ARTICLES NOT SPECIALLY PROVIDED FOR.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING LOWER DUTIES:

Mr. W. A. McCleary, representing linen importers and traders.

Hearings: Pages 3147-3149.

Rates suggested.—The duty of 35 per cent ad valorem, as found in the act of 1913, to be reenacted.

(For a more complete abstract of the brief presented, see paragraph 1009 on linen fabrics.)

PARAGRAPH 1020.—STRAW FLOOR COVERINGS NOT SPECIALLY PROVIDED FOR.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING LOWER DUTIES:

Mr. J. E. Barbour, representing Allentown Spinning Co., American Manufacturing Co., Chelsea Fiber Mills, Columbian Rope Co., Dolphin Jute Mills, Hanover Cordage Co., the Hooven & Allison Co., Lamond & Robertson Co., The Schlichter Jute Cordage Co., The Sutherland & Edwards Co., and The Wilmington Mills. (Joint brief.)

Hearings: Page 3450.

Rates suggested.—Paragraph 273 of the act of 1913 reads as follows:

Carpets, carpeting, mats, and rugs made of flax, hemp, jute, or other vegetable fiber (except cotton), 30 per cent ad valorem.

In place of the above, it is suggested that there be imposed a straight specific duty of 12½ cents per pound. (For a fuller abstract of this brief, see paragraph 1003, relating to jute yarns and cordage.)

PARAGRAPH 1020.—FLOOR MATTINGS, MATS, AND RUGS MANUFACTURED FROM STRAW, RICE, OR OTHER VEGETABLE SUBSTANCE.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. F. E. Carstarphen, representing the Grass and Fiber Rug Manufacturers' Association.

Mr. Henry A. Dammeyer, representing the Willow Rug Co., and the Grass and Fiber Manufacturers' Association.

FAVORING LOWER DUTIES:

Mr. J. M. MacDonald, representing 63 importers and distributors located in various parts of the United States.

Hearings: Pages 3500–3514.

Witness: Mr. F. E. Carstarphen, representing the Grass and Fiber Rug Manufacturers' Association.

Costs and selling prices.—In pre-war times, Japanese weavers were paid as little as 20 cents per day. In December, 1919, the average daily wage of a weaver in Tokyo was 60 cents per day. A fair estimate of the decline in Japanese wages since the close of the war is about 15 per cent, making a weaver receive at present about 51 cents per day. In Wisconsin and Minnesota, where the bulk of the domestic grass rugs are made, the hours worked per week are 55 and 49½ respectively. The minimum wage for women is from 25 cents per hour, required by law, to 28 cents per hour for piecework. The minimum average wage for men is 31 cents per hour. Spinners working in the domestic grass-rug industry earn from \$3.50 to \$4.50 per day; weavers from \$3 to \$4; and painters from \$3.50 to \$4.50 per day.

Size of industry.—The domestic grass-rug companies, when in full operation, employ about 1,500 men and women in the grass fields and 1,000 men and women in the factories, and pay annually about \$1,000,000 in wages.

Comparability.—The Japanese have designs which are copies of the domestic and make it hard for the laymen to distinguish be-

tween competing domestic and foreign rugs. Japanese rugs are entered with flimsy little labels that are soon pulled off, with the result that Japanese rugs are mixed among domestic rugs.

Rates suggested.—In place of paragraph 1020, it is requested that the following be substituted:

Common China, Japan, and India straw matting, and floor coverings made therefrom, 3 cents per square yard; rugs made of rice straw or any similar material, commonly known as grass rugs, and all other floor coverings of like character and description, not specially provided for, 4 cents per square foot.

Remarks.—The industry requires higher duties than were in force in 1909, because of subsequent development. In 1909 the Japanese were sending to this country only clippings from mattings. The act of 1913 was drawn up with the intention that the 30 per cent ad valorem clause in paragraph 273 should be applied to rugs and that the rate of $2\frac{1}{2}$ cents per square yard should apply only to such mattings as were made from straw. The duty of $2\frac{1}{2}$ cents per square yard, enacted in 1913, affords no protection, Japanese rice straw rugs measuring 9 by 12 feet, imported at a cost of \$3.12 pay a duty of only 30 cents, making a total landed cost of \$3.42. These imported rugs compete with domestic rugs costing the American producer an average of \$8.35 to manufacture. The rates proposed by H. R. 7456 increase the duty on such a rug from 30 cents to 36 cents. Grass rugs manufactured in this country are in no sense a luxury, but are intended for the use of families of small and moderate means, as a substitute for the more expensive woolen rugs and carpets,

Hearings: Pages 3491-3500.

Witness: Mr. Henry A. Dammeyer, representing the Willow Rug Co. and the Grass and Fiber Rug Manufacturers' Association.

Costs and selling prices.—The present landed cost, including the present duty on the Japanese rice straw rug, the only type of rug under this classification directly comparable and competitive with the American grass rug, is \$3.42, as against the cost, \$8.62, of the domestic rug, a differential of \$5.20. Under the 26 per cent rate proposed in H. R. 7456, the landed cost of the Japanese rug would be \$5.365; and under the duty now proposed by the association—4 cents per square foot—the total cost would be \$7.44 as compared with \$8.62 for the domestic product, a differential of \$1.18 per rug in favor of the Japanese article. The foreign product, however, would retail for \$1.75 less than the American grass rug.

Size of industry.—Domestic production increased steadily from 1910 to 1913, in the latter year amounting to over 6,000,000 square yards. From 1913 to 1919 it fell off to 3,779,000 square yards. In 1920 it showed an increase over 1919 of about 700,000 square yards—a total production of 1,500,000 yards less than the production of 1913. The importation of Japanese grass rugs in 1920 was the largest since these began to be imported, being several times greater than in 1913.

Comparability.—Though the Japanese rice-straw rug and the American wire-grass rug are similar in appearance, the wearing qualities of the domestic rug are twice as great as those of the foreign. The foreign product, made of rice straw and rush, is very dry, whereas the domestic is made of thin wire grass, which is first woven together, then spun and bound with a binding warp, giving it greater strength than the foreign rug.

Rates suggested.—(1) On common China, Japan, and India straw matting, and on floor coverings made therefrom, imports of which have decreased since 1910, and which do not compete with domestic rugs except in a remote way, the duty requested is 3 cents per square yard. (2) On rugs made of rice straw or similar material, which are directly comparable and competitive with the domestic product, the duty requested is 4 cents per square foot.

Remarks.—China and Japan matting does not compete with domestic rag grass rugs except in a very remote way. The Japanese industry manufacturing rice-straw rugs, however, has become so tremendous that the domestic manufacturer of wire-grass rugs is out of business to-day. The low rate of duty applied to Japanese grass rugs has created such a marked increase in the domestic demand that small farmers and private families in Japan have taken up the industry as a spare-time occupation, resulting in an increased tendency toward the abandonment of this line by the larger Japanese manufacturers. At present, the number of looms operated in households exceeds the number owned by the manufacturers, a condition involving practically no investment or overhead expense. What makes the competition very serious is the similar appearance of the two rugs. If the domestic industry is to resume, the duty must be somewhere near the difference in the price of the American and the competing rugs.

Hearings: Pages 3514–3519.

Witness: Mr. J. M. MacDonald, representing 63 importers and distributors located in various parts of the United States.

Costs and selling prices.—According to investigations made by the Tariff Commission in 1919 the total labor cost on a Japanese rug was \$1.67. The average domestic cost for material and labor of making a similar rug was \$4.76. The duty requested by domestic manufacturers is \$4.32 per rug or 4 cents per square foot.

Comparability.—There are two general groups of rugs imported under this classification: (1) Common China and Japan matting, which was formerly imported in 40-yard rolls and for which the present demand is practically confined to rugs cut and sewed together from the matting; (2) a Japanese rug developed along the same lines and similar, in appearance only, to the domestic grass rug. The development of the latter type of rug was created through the demand of the poorer classes in this country, who wanted something better than the ordinary Japanese rug made from matting and yet could not afford to pay the high prices asked for the higher grade, better quality American grass rug.

Rates suggested.—It is requested that paragraph 1020 be altered by striking out the following words occurring at the end of the paragraph, "26 per cent ad valorem," and substituting therefor the words "6 cents per square yard."

Remarks.—During the 10 years 1900 to 1909, the average yearly imports of Chinese and Japanese floor coverings were about 46,000,000 square yards; for the period 1910–1914, 26,500,000 square yards; and for 1915–1920 somewhere about 16,000,000 square yards. The idea of the American manufacturers in making their very extravagant demands is that they might succeed in getting more than they are otherwise entitled to, and this seems to have been realized in their receiving, in H. R. 7456, 26 per cent under the American valuation plan. This

is estimated to be about 67 per cent based on present foreign costs. The present dutiable value of a stenciled rice-straw rug amounts to \$5.12. The duty proposed in H. R. 7456 is \$3.55 per rug as compared with duties now in force of 38.9 cents per rug. With a large overhead, the total domestic cost of producing a similar rug is \$6.50. Domestic manufacturers request \$5.70 on an imported rug which admittedly is of much poorer quality and much shorter durability than the domestic rug. Further referring to American valuation, the witness stated that any imports dissimilar in any one of four respects, namely, material, quality, construction, and kind, can be entirely shut out by domestic producers manufacturing identical merchandise comparable in all respects, but not necessarily salable at their asking price. The more uneconomic and expensive it is to produce such goods the better able they will be to sell their regular goods which do not compare with the imported.

PARAGRAPH 1021.—COCOA MATS AND MATTINGS.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Fred M. Cleveland, representing Joseph Wild & Co., Darragh-Smail & Co. (Ltd.), George Wehn, Son & Co., Heywood-Wakefield Co., George F. Kempf & Bro., and Wisconsin Mat Co.
The United Textile Workers of America. (Brief.)

Hearings: Pages 3519-3522.

Witness: Mr. Fred M. Cleveland, Wakefield, Mass.

Costs and selling prices.—A light brush cocoa mat having the largest sale in the trade can now be bought at \$3.60 per dozen f. o. b. shipping point in India. The rate on such mats proposed in H. R. 7456 would make the duty \$3.15. Adding freight, \$1 per dozen, the landed cost in New York would be \$7.75 per dozen as compared with the lowest American wholesale selling price of \$12 per dozen. An ad valorem addition of 25 per cent on American valuation, as suggested in the submitted brief, would amount to \$3, bringing the landed cost, under the rates herein proposed, to \$10.75 or, even then, 20 per cent under the domestic price. The witness quoted a letter showing the offer made by an importer to supply a domestic manufacturer with his requirements in certain grades at a lower price than such grades could be manufactured in this country.

Size of industry.—In normal times the domestic industry making mats and mattings of cocoa does not employ over 650 wage earners. The mills at present are practically shut down and there is not an American manufacturer who is running 25 per cent capacity.

Comparability.—Mats and mattings imported from India, though designated by standard grade names used in this country, are in reality one grade higher than the American product. The difference in grade is equivalent to 25 per cent in value.

Rates suggested.—The rates proposed in H. R. 7456 to be amended by the addition of an ad valorem duty of 25 per cent, making the paragraph read:

Mattings made of cocoa fiber or rattan, 9 cents per square yard, and in addition thereto, 25 per cent ad valorem; mats made of cocoa fiber or rattan, 7 cents per square foot, and in addition thereto, 25 per cent ad valorem.

Remarks.—Unless some protection beyond that given in H. R. 7456 is granted there is no prospect of resuming the domestic manufacture of mats and mattings. There is now more than a year's supply of imported mats and mattings in this country. The principal handicap of the American manufacturer is the low cost of Indian labor, many of the mats being woven in the huts of the coolies. Until 1914, Indian mats were marketed principally in Europe and Australia. When the demand of these markets was curtailed the United States became the chief market. The tariff of 1890 gave a duty on matting of 12 cents per square yard, and on mats 8 cents per square foot, although at that time imports of mats from India were only small in quantity.

Witness: The United Textile Workers of America. (Brief; no appearance at hearings.)

The brief presents the position of American labor in regard to imports of fiber mats.

In the last 18 months the workers in this industry have worked less than one-quarter of the time; the situation is one of grave concern. With imports of 2,103,337 square feet in 1920 and a prospective volume of 3,000,000 square feet in 1921, sufficient mats and mattings have been imported to supply American demands for nearly two years.

Low foreign labor cost, particularly in India, is pointed to as the chief cause of present conditions. The duties proposed in H. R. 7456 being inadequate to meet the case, an additional 25 per cent ad valorem duty is requested.

SCHEDULE 11.—WOOL AND MANUFACTURES OF.

INTRODUCTION.

WITNESSES:

Mr. Samuel S. Dale, representing the Carded Woolen Manufacturers' Association, Boston, Mass.

Mr. John P. Wood, representing the National Association of Wool Manufacturers, Philadelphia, Pa.

Hearings: Pages 3570-3634.

Witness: Mr. Samuel S. Dale, representing the Carded Woolen Manufacturers' Association.

The testimony and printed data submitted by the witness in behalf of the Carded Woolen Manufacturers' Association are too extended to allow of more than an indication of their general trend. The testimony includes a brief of the association, printed in full on pages 3593-3634.

The association is in favor of ad valorem, rather than specific, duties on new wool, reclaimed wool, wool by-products, and partly or wholly manufactured wool products. The objections to specific duties are detailed and counter arguments to those urged against ad valorem duties are presented. Mr. Dale bases his suggestions in regard to tariff rates on foreign valuations, preferring to await developments before identifying himself with the American valuation plan.

The witness discussed the relative advantages of ad valorem and specific rates of duty in connection with compensatory allowances on grease and scoured bases. He recommends that an investigation

be made to determine the raw material and conversion costs of partly and wholly manufactured goods as a step toward an equitable adjustment of rates.

Abstracts of the witness's testimony on individual paragraphs, under separate headings, follow the brief summary of Mr. John P. Wood's testimony on the general question.

Hearings: Pages 3525-3570.

Witness: Mr. John P. Wood, representing the National Association of Wool Manufacturers.

As in the case of Mr. Dale, detailed reference to Mr. Wood's testimony on the entire wool schedule is impracticable. The following observations may serve to indicate its general trend, leaving more specific references to be dealt with under individual paragraphs.

The difficulties attending a comprehensive cost investigation at this time are emphasized, but light may be thrown upon the adequacy, or otherwise, of rates of duty by reviewing conditions existing under former tariffs. The witness cites in this connection tables comparing the rates on wool manufactures under H. R. 7456 with those in the acts of 1894, 1897, 1909, and 1913; also official comparisons of foreign and domestic wages. The possibility of international tariff concessions under the provisions of section 303 of the bill and of reductions of duties on goods imported in American vessels should also be kept in view.

The witness is not in agreement with Mr. Dale in regard to the basis of duties, believing, as he does, that there are serious difficulties in the way of an equitable adjustment of ad valorem duties. While favoring the American valuation plan, he is opposed to flexible duties as a part of it.

The witness recommends investigation by the Tariff Commission of the Forstmann plan for levying duties on wool manufactures, under which the rate of duty would be based upon the American conversion cost and legislated by Congress upon findings by the Tariff Commission. He finds that the compensatory duties on wool tops, yarn, and fabrics in H. R. 7456 have been based upon the rate of duty (25 cents per pound) levied upon the clean content of grease wool, rather than upon the rate of duty (26 cents per pound) levied upon wool imported in the scoured condition; he regards the latter as the proper basis.

Mr. Wood's recommendations of changes in the wording and rates of duty in particular paragraphs appear under such paragraphs.

PARAGRAPHS 1101 AND 1102.—RAW WOOL.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

The Ohio Woolgrowers' Association, Marysville, Ohio. (Brief.)

FAVORING OR TESTIFYING RELATIVE TO RECLASSIFICATION (*i. e.*, TO THE BASIS UPON WHICH RAW-WOOL DUTY SHOULD BE LEVIED):

Mr. Samuel S. Dale, representing the Carded Woolen Manufacturers' Association, Boston, Mass.

Mr. John P. Wood, representing the National Association of Wool Manufacturers, Philadelphia, Pa.

FAVORING LOWER DUTIES :

Mr. William Goldman, representing Cohen, Goldman & Co., clothing manufacturers, New York City.

Mr. Andrew J. Solis, representing A. J. Solis & Co., Boston, Mass.

*Wool on the skin.***FAVORING LOWER DUTIES (RELATIVE TO THOSE ON SHORN WOOL) :**

Mr. T. F. Harrington, of J. J. Harrington & Co., representing the wool-pulling industry, New York City.

*Mohair.***FAVORING PROPOSED OR HIGHER DUTIES :**

Mr. R. E. Taylor, representing the National Mohair Growers' Association, Carlsbad, N. Mex.

*Hair of camel, alpaca, llama, etc.***FAVORING LOWER DUTIES :**

The Peruvian Ambassador. (Letter to United States Secretary of State.)

REQUESTING RECLASSIFICATION :

J. S. Radford, representing the Oriental Textile Mills, Houston, Tex.

Witness: The Ohio Woolgrowers' Association. (Brief; no appearance at hearings.)

Rates suggested.—A specific duty of 33 cents per pound clean content. The brief directs attention to the Republican platform pledge to give the sheep industry of the United States "a square deal"; the brief asserts that H. R. 7456 ad valorem tariff on raw wool would give the least protection when most needed and that, at the present rate of decline of sheep raising in this country, there will be none at the end of 15 years. The committee is asked to read carefully the statement already filed with it by the National Sheep and Wool Bureau of the United States.

Hearings: Pages 3635–3636.

Witness: Mr. Samuel S. Dale, representing the Carded Woolen Manufacturers' Association.

Rates suggested.—Witness advocates ad valorem duties on raw wool. Without making a recommendation as to the amount of that duty, he suggests that 50 per cent ad valorem, foreign valuation, would provide adequate protection to the wool-growing industry without imposing any serious burden upon the consumers or the manufacturing industry. (For reference to arguments of the witness in favor of ad valorem duties on wool and wool manufactures, see digest of his testimony, above, under the title "Introduction.")

Hearings: Pages 3526–3527.

Witness: Mr. John P. Wood, representing the National Association of Wool Manufacturers.

Rates suggested.—The National Association of Wool Manufacturers advocates duties on raw wool adequate to protect the domestic woolgrowing industry.

The method by which the duty on raw wool shall be applied is of great concern to the wool manufacturer. There are three alternative methods:

(a) *Ad valorem duties.*—This method would be most equitable to the importer and the user, but is subject (in a peculiar degree because

of the wide fluctuations in wool prices) to the weakness generally attributed to the ad valorem principle, and it raises an insuperable difficulty as regards compensatory duties (p. 3526); see also page 3539; also testimony of S. S. Dale, pages 3570-3634, digested above.

(b) *Specific duties on "clean content."*—This would be decidedly the best method if it were not for the wide range of varieties of wool, embracing differences in the manner of utilization and in their intrinsic and market values. A graduated scale of specific duties would tend to correct this, but any such scale, adequately subdivided, would be administratively impracticable.

(c) *Specified duties, grease basis.*—This method, though open to well-known objections, has been adopted in former tariff laws because no other method would afford equal protection with less ground for criticism. A uniform basic rate of duty on unwashed wool does not fall with equal incidence on the clean content of all grades, but it results in less inequality than the uniform specific rate on the clean content, because variations in shrinkage do have some correspondence with variations in the fineness of the wool and in its market value. The clean-content rate in the pending bill would result in excessive ad valorem equivalents on the coarser and cheaper wools which enter into the lower-price goods.

To render future statistics on raw wool comparable with past statistics, the witness recommends designation of wools in paragraph 1101 as class 3; in paragraph 1102, as classes 1 and 2.

Hearings: Pages 3708-3719.

Witness: Mr. William Goldman, representing Cohen, Goldman & Co., clothing manufacturers, New York City.

Rates suggested.—On raw wool, a compound duty of 5 cents per grease pound plus 20 per cent ad valorem, foreign valuation. (Regarding the advantages of such a form of duty, as urged by witness, see pp. 3710-3711.)

Remarks.—The proposal to tax raw wool 25 cents per pound, clean content, is regarded by the witness as a proposal to tax the American people \$250,000,000 on its annual clothes bill to protect the wool-growers, the total value of whose output is only \$65,000,000 annually (p. 3709). It takes about 4 pounds of clean wool to make a man's suit, which, at 25 cents duty per clean pound, would be \$1 per suit. But as the wool passes from the wool merchant through the hands of the spinner, the weaver, the clothing manufacturer, and the retailer (and, not infrequently, of a cloth jobber and a clothing jobber also), this \$1 is pyramided until it amounts to \$2.75 to \$3 per suit. The retail value of wool clothing consumed annually in the United States is estimated at about \$3,000,000,000. Assuming \$2.75 to \$3 to represent about 10 per cent of the price of a suit, the pyramided duty on the wool in this clothing would aggregate about \$300,000,000; allowing for the use of shoddy, cotton, etc., this may be reduced to \$250,000,000. A prominent woolman estimates the value of the domestic output as \$65,000,000.

The clothing manufacturer is particularly concerned, because a duty of 25 cents per pound on wool, clean content, would seriously curtail distribution and lessen employment in both the woollen and the clothing manufacturing industries. It is the duty on raw wool, as it affects the clothing distributor, not the duty on wool manu-

factures (practically all of which are made in the United States under keenly competitive conditions and sold, in the main, far below the tariff wall). that vitally concerns the clothing manufacturer.

Hearings: Pages 3706-3708.

Witness: Mr. Andrew J. Solis, representing A. J. Solis & Co., Boston.

Rates suggested.—The witness is opposed to high duties on raw wool.

Hearings: Pages 3636-3640.

Witness: Mr. T. F. Harrington, of J. J. Harrington & Co., New York, representing the wool-pulling industry.

Costs and selling prices.—The cost of pulling wool is 22 cents per skin, which, at 4½ pounds per skin, makes about 5 cents per *grease* pound. Wools on the skin are uniformly of higher shrinkage than shorn wools of the same class, this being due to the presence of blood, dirt, tag locks, etc.; so that a fairly high shrinkage must be taken in computing the pulling cost per *scoured* pound. Assuming an average shrinkage of 40 per cent, the pulling cost per *scoured* pound would be 8 cents. It costs much more to pull wool than to shear it.

Size of the industry.—The witness gives the names of 16 wool-pulling concerns for whom he is testifying. About 30 per cent of the skins pulled in this country (aside from carpet wools) are imported.

Rates suggested.—The differential duty in the pending bill between shorn wools and wool on the skin, namely, 1 cent per *scoured* pound, should be increased to 8 cents per *scoured* pound.

Remarks.—Under the Payne-Aldrich bill, when on Class I wools the differential between the shorn wool and skin wool duty was 1 cent per *grease* pound, it was practically impossible to import such wool on the skin. With the shorn wool dutiable at 11 cents per *grease* pound and the wool on the skin at 10 cents per *grease* pound, the difference was 10 per cent. Under the pending bill, these duties are, respectively, 25 cents and 24 cents per *scoured* pound—a difference of only 4 per cent.

Hearings: Pages 3724-3733.

Witness: Mr. R. E. Taylor, of Carlsbad, N. Mex., representing the National Mohair Growers' Association.

Costs and selling prices.—Government statistics put the prewar cost per pound to produce mohair at 23 cents. Witness gave the present cost in New Mexico as 30 to 32 cents; in California and Oregon, 35 to 37 cents. Herders in South Africa are paid \$13.50 per month; in the United States, \$35 to \$45 per month.

From 1910 to 1917, the average price of domestic mohair was about 31 cents per pound; early in 1919, 60 cents per pound; but later it dropped as low as 16 cents, and in 1920 a great deal of it sold at this price. In August, 1921, Cape mohair (from South Africa) was offered to domestic manufacturers, landed in Boston, at 26 cents per pound. (This included the duty of 15 cents and charges of perhaps 5 or 6 cents per pound.)

Size of industry.—From 1914 to 1919, about 6,000,000 pounds of mohair were sheared annually in Texas, Oregon, New Mexico, Cali-

fornia, and Arizona. There are, at present, 2,100,000 Angora goats in the United States, of which Texas has more than half.

Rates suggested.—On mohair, the duty to be increased (from 25 cents per scoured pound in H. R. 7456) to 33 cents per scoured pound.

Witness: The Peruvian Ambassador. (Letter of November 29, 1921, to the Secretary of State; no appearance at hearings.)

Rates suggested.—Attention is directed to "the fact that alpaca wools, exclusively imported from Peru, do not enter into any competition whatsoever with the wool of this country, and, on the contrary, are the basis of a commercial interchange that is equally beneficial to our respective countries." The ambassador proceeds to inquire how the commerce of southern Peru could draw its supplies of manufactured articles from the American market if the latter country should exchange the main staple of export of that section of Peru.

Hearings: Pages 3635–3636.

Witness: Mr. J. S. Radford, representing the Oriental Textile Mills, of Houston, Tex.

Remarks.—Alpaca and llama hair should be taken out of paragraph 1102 and classed with camel's hair in paragraph 1101. They belong more properly with the Class III wools (carpet wools, par. 1101) than with the Class I and II wools (clothing and combing wools, par. 1102). The act of 1909 contained the same mistake in classification. Moreover, the act of 1909 drew a false distinction by classing Russian camel's hair with the Class III wools and China and other camel's hair with the Class II wools at a higher duty, whereas the China camel's hair is almost identical with the Russian. All camel's hair has been classed with the carpet wools in paragraph 1101 in the pending bill and should be left there.

PARAGRAPH 1105.—WOOL WASTES.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. John P. Wood, representing the National Association of Wool Manufacturers.

Hearings: Page 3527.

Rates suggested.—The duties on top waste, slubbing waste, ring waste, garnetted waste, noils (carbonized and uncarbonized), thread and yarn waste, should bear the same ratio to the duty on scoured wool that the respective prices of these materials bear to clean new wools. The rates in the bill appear to be approximately correct for a 26-cent scoured wool duty.

The rates on shoddy, wool extract, mungo rags, and flocks are not designed for either protection or revenue, but to prevent importation of these materials. The association approves a continuance of this policy.

PARAGRAPH 1106.—WOOL TOPS, ROVING, ETC.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. John P. Wood, representing the National Association of Wool Manufacturers.

Hearings: Pages 3530–3531.

Costs and selling prices.—For statement showing the differences between foreign and domestic costs of tops, see page 3570.

Rates suggested.—Alternatives:

(a) *Ad valorem basis.*—On wool tops, 1.1 times the rate per pound on scoured wool and, in addition thereto, if valued at not more than 60 cents per pound, 15 per cent; if valued at more than 60 cents per pound, 20 per cent.

(b) *Specific basis.*—On wool tops, 1.1 times the rate per pound on scoured wool, and in addition thereto 15 cents per pound: *Provided*, That in no case shall the rate exceed 20 per cent ad valorem. (All of the foregoing based upon American valuation.)

Remarks.—Paragraph 1106 covers, aside from tops and roving, “wool which has been advanced in any manner or by any process of manufacture beyond the washed or scoured condition, n. s. p. f.” This is in conflict with the basket provision for manufactures of wool n. s. p. f., paragraph 1120, and there is a possibility that manufactures of wool will fall under paragraph 1106 at the relatively low rates of duty provided for tops.

Roving, being further advanced in manufacture than tops, and in some sizes indistinguishable from the coarser sizes of yarn, should be included with yarns in paragraph 1107.

PARAGRAPH 1107.—WOOL YARN.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. John P. Wood, representing the National Association of Wool Manufacturers, Philadelphia, Pa.

Mr. Samuel S. Dale, representing the Carded Woolen Manufacturers' Association, Boston, Mass.

Hearings: Page 3531.

Witness: Mr. John P. Wood, representing the National Association of Wool Manufacturers.

Costs and selling prices.—For statement of differences between domestic and foreign costs of worsted yarns, see pages 3547–3548.

Rates suggested. Alternatives:

(a) *Ad valorem basis.*—On yarn and roving the duty shall be, if valued at not more than 60 cents per pound (American valuation), five-sixths of the duty on 1 pound of scoured wool; if valued at more than 60 cents per pound, 1.2 times the duty on 1 pound of scoured wool; and in addition thereto, on all the foregoing numbers up to 40s, 25 per cent ad valorem, and on all the foregoing numbers over 40s, 30 per cent ad valorem.

(b) *Specific basis.*—The word “number,” as used in this connection when applied to worsted yarns, shall be the number of hanks per

pound, a hank being a measure of 560 yards of single yarn or roving; and when applied to woollen yarns shall be the number of hanks per pound, a hank being a measure of 300 yards of single yarn or roving.

On wool or tops advanced by process of manufacture to any number of sliver, or roving, of single yarn, if valued at not more than 60 cents per pound (American valuation), five-sixths of the duty on 1 pound of scoured wool; if valued at more than 60 cents per pound, 1.2 times the duty on 1 pound of scoured wool; and in addition to all of the foregoing the following:

Up to and including single 12s.—17 cents per pound.

Single 13s to single 30s, inclusive.—17 cents per pound plus one-half cent per number per pound for all numbers in excess of single 12s.

Single 31s to single 60s, inclusive.—26 cents per pound plus 1 cent per number per pound for all numbers in excess of single 30s.

Exceeding single 60s.—56 cents per pound plus $1\frac{1}{2}$ cents per number per pound on all numbers in excess of single 60s.

On rovings and yarns advanced beyond the condition of singles by grouping two or more rovings or yarns together:

Up to and including 12s.—3 cents per pound in addition to the foregoing duties on single yarns of corresponding numbers.

13s to 30s, inclusive.—3 cents per pound plus one-eighth cent per number per pound on all numbers in excess of 12s, in addition to the duties on single yarns of corresponding numbers.

31s to 60s, inclusive.—5 $\frac{1}{4}$ cents per pound plus one-fourth cent per number per pound on all numbers in excess of 30s, in addition to the duties on single yarns of corresponding numbers.

Exceeding 60s.—12 $\frac{1}{4}$ cents per pound plus three-eighths cent per number per pound on all numbers in excess of 60s, in addition to the duties on single yarns of corresponding numbers.

On any of the foregoing, when bleached, dyed, colored, stained, or printed, the duty shall be 10 cents per pound; if singed or gassed, a further additional duty of 5 cents per pound.

Hearings: Pages 3607–3608.

Witness: Mr. Samuel S. Dale, representing the Carded Woollen Manufacturers' Association.

Rates suggested.—The witness advocates ad valorem duties on wool yarn. Without making a definite recommendation as to the height of the duty, he points out that if a duty of 50 per cent ad valorem, foreign valuation (which he believes would be fair to the wool growers and the wool manufacturers) were established on raw wool, the rate on yarn, calculated as explained by him, would be 65 per cent. (For reference to arguments by the witness in favor of ad valorem duties on wool and wool manufactures, see digest of his testimony, above, under the title "Introduction.")

PARAGRAPH 1108.—LIGHT-WEIGHT WOOL FABRICS, WOVEN.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. John P. Wood, representing the National Association of Wool Manufacturers; address, Philadelphia, Pa.

Mr. Samuel S. Dale, representing the Carded Woollen Manufacturers' Association; address, Boston, Mass.

Hearings: Page 3531–3532.

Witness: Mr. John P. Wood, representing the National Association of Wool Manufacturers.

Rates suggested.—On woven fabrics, weighing not more than 4 ounces per square yard, wholly or in part of wool, valued at not more than \$1.25 per pound, 1.1 times the rate of duty on 1 pound of scoured wool of the first class, and, in addition thereto, 25 per cent ad valorem; valued at more than \$1.25 and not more than \$2.50 per pound, 1.4 times the rate of duty on 1 pound of scoured wool of the first class, and, in addition thereto, 30 per cent ad valorem; valued at more than \$2.50 per pound, 1.5 times the rate of duty on 1 pound of scoured wool of the first class, and, in addition thereto, 33 per cent ad valorem: *Provided*, That if the warp of any of the foregoing is wholly of cotton or other vegetable fiber, the specific duty shall be 1 time the rate of duty on 1 pound of scoured wool of the first class and the ad valorem duties shall be as provided in this paragraph.

NOTE.—Touching that class of the foregoing fabrics valued at not more than \$1.25 per pound, there is a conflict in the duty recommended by the witness, possibly due to an error in printing. In the substitute paragraph a compensatory duty of 1.1 times the rate of duty on 1 pound of scoured wool of the first class is recommended; but, in a condensed statement of the rates proposed, following the substitute paragraph, the compensatory rate is given as 1.2 times the rate of duty on 1 pound of scoured wool of the first class.

Hearings: Pages 3607–3608.

Witness: Mr. Samuel S. Dale, representing the Carded Woolen Manufacturers' Association.

Rates suggested.—The witness advocates ad valorem duties on wool fabrics. While making no definite recommendation as to the rate of duty, he suggests that in case of the adoption of a duty of 50 per cent ad valorem, foreign valuation, on raw wool (which he believes would be fair), the ad valorem rate on wool cloth would be 75 per cent, calculated as explained by witness. (For reference to arguments of the witness in favor of ad valorem duties on wool and wool manufactures, see digest of his testimony, above, under the title "Introduction.")

PARAGRAPH 1109.—HEAVY-WEIGHT WOOL FABRICS, WOVEN.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. John P. Wood, representing the National Association of Wool Manufacturers, Philadelphia, Pa.

Mr. Samuel S. Dale, representing the Carded Woolen Manufacturers' Association, Boston, Mass.

Hearings: Pages 3531–3532.

Witness: Mr. John P. Wood, representing the National Association of Wool Manufacturers.

Rates suggested.—Woven fabrics weighing more than 4 ounces per square yard, and all manufactures of every description not specially provided for, composed wholly of wool, or of which wool is a component part, whether or not constituting chief value, valued at not more than 75 cents per pound, one and one-tenth times the rate of duty on 1 pound of scoured wool of the first class and, in addition thereto, 22 per cent ad valorem; valued at more than 75 cents but not more than \$1.25 per pound, one and two-tenths times the rate of duty on 1 pound of scoured wool of the first class and, in addition thereto,

25 per cent ad valorem; valued at more than \$1.25 but not more than \$2.50 per pound, one and three-tenths times the rate of duty on 1 pound of scoured wool of the first class and 30 per cent ad valorem; valued at more than \$2.50 per pound, one and one-half times the rate of duty on 1 pound of scoured wool of the first class and 33 per cent ad valorem.

Remarks.—The basket clause reading “all manufactures of every description, n. s. p. f.,” etc., is inserted as a substitute for paragraph 1120, the so-called basket paragraph of the wool schedule. This is done in order that manufactures of wool shall be subject to compensatory duties in place of the single ad valorem rate of 25 per cent contained in paragraph 1120.

It is suggested that braids, laces, galloons, embroidered wearing apparel, and other miscellaneous articles made wholly or in part of wool, included in the pending bill under paragraph 1430. (covering laces, embroideries, etc.), be restored to schedule 11 with a compensatory duty equal to that allowed upon woven fabrics. (While the witness does not explicitly so state, it seems to be implied that this transfer should be effected by inserting an eo nomine provision for such articles in paragraph 1109, or else by inserting an eo nomine exemption of these articles in paragraph 1430, in which latter case they would fall under the basket provision for wool manufactures which the witness has recommended shall be inserted in paragraph 1109.)

Hearings: Pages 3607–3608.

Witness: Mr. Samuel S. Dale, representing the Carded Woolen Manufacturers' Association.

Rates suggested.—(See par. 1108.)

PARAGRAPH 1111.—PILE FABRICS OF WOOL.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OF HIGHER DUTIES:

Mr. John P. Wood, representing the National Association of Wool Manufacturers, Philadelphia, Pa.

Mr. William L. Wemple, representing the Stroock Plush Co., and other pile fabric manufacturers, Newburgh, N. Y.

Hearings: Page 3533.

Witness: Mr. John P. Wood, representing the National Association of Wool Manufacturers.

Rates suggested.—Substitute paragraph as follows:

Pile fabrics, cut or uncut, whether or not the pile covers the whole surface, made of wool or of which wool is a component material, whether or not constituting chief value, and manufactures in any form, made or cut from such pile fabrics, if valued at not more than \$2.50 per pound, 1.3 times the rate of duty on 1 pound of scoured wool of the first class and 30 per cent ad valorem; valued at more than \$2.50 per pound, 1.5 times the rate of duty on 1 pound of scoured wool of the first class and 33 per cent ad valorem.

Hearings: Pages 3417–3418.

Witness: Mr. William L. Wemple, representing the Stroock Plush Co. (Newburgh, N. Y.) and other pile fabric manufacturers.

Rates suggested.—Substitute paragraph as follows:

Pile fabrics, cut or uncut, whether or not the pile covers the whole surface, and of which the pile is composed either wholly or in part of wool, and manufactures in any form made or cut from such fabric, 36 cents per pound and 33½ per cent ad valorem; if the pile is composed wholly or in part of animal fibers other than wool as defined in this schedule, 40 per cent ad valorem.

NOTE.—The witness seems to include in "pile fabrics" goods having a nap raised by teasing or gigging.

PARAGRAPH 1112.—WOOL BLANKETS.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. John P. Wood, representing the National Association of Wool Manufacturers.

Hearings: Pages 3533-3534.

Rates suggested.—Substitute paragraph as follows:

On blankets composed wholly or in part of wool, not exceeding 3 yards in length, valued at not more than 75 cents per pound, 1 time the rate of duty on 1 pound of scoured wool of the first class and 20 per cent ad valorem; valued at more than 75 cents and not more than \$1.50 per pound, 1.1 times the rate of duty on 1 pound of scoured wool of the first class, and 23 per cent ad valorem; valued at more than \$1.50 per pound, 1.3 times the rate of duty on 1 pound of scoured wool of the first class, and 27 per cent ad valorem: *Provided*, That traveling and automobile rugs and robes shall be subject to the same rate of duty as cloths weighing more than 4 ounces to the square yard under paragraph 1109.

Remarks.—The provision for wool blankets contained in paragraph 1112, H. R. 7456, leaves in doubt the classification of blanketing exceeding 3 yards in length and is so restrictive as to color and finish that very few of the blankets of commerce would fall within the provision. These restrictive provisions were probably designed indirectly to exclude from the blanket paragraph such articles as traveling rugs and automobile robes, concerning the classification of which, under the present law, there has been considerable litigation. It is true, as the customs authorities contend, that traveling and automobile rugs should be classed as cloths, but that can be more simply accomplished by their specific enumeration in the cloth paragraph.

PARAGRAPH 1113.—FELTS, NOT WOVEN.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. John P. Wood, representing the National Association of Wool Manufacturers.

Hearings: Page 3534.

Rates suggested.—Substitute paragraph as follows:

Felts, not woven, wholly or in part of wool, valued at not more than 75 cents per pound, 1 time the rate of duty on a pound of scoured wool of the first class and 20 per cent ad valorem; valued at more than 75 cents and not more than \$1.50 per pound, 1.2 times the rate of duty on 1 pound of scoured wool of the first class and 23 per cent ad valorem; valued at more than \$1.50 per pound, 1.3 times the rate of duty on 1 pound of scoured wool of the first class and 27 per cent ad valorem.

PARAGRAPH 1115.—WOOL KNIT GOODS. (KNIT OUTERWEAR.)

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. John J. Phoenix, representing the National Knitted Outerwear Association.

Hearings: Pages 3736-3749.

Costs and selling prices.—Wages average about 40 cents per hour in the domestic knit outerwear industry; in Germany, Austria, and Czechoslovakia, not over 4 cents per hour (pp. 3736 and 3737. For table comparing domestic with German and Czechoslovakian wages, see p. 3749). In 1913, when the domestic industry was paying skilled male operators \$18 to \$24 per week, German labor was receiving from one-third to one-half these rates. German wages per week were: Finishers and winders, \$2 to \$4; apprentices, from nothing to \$2; knitted helper, male, \$3 to \$5 per week; the experienced knitter, male, \$6 to \$10 (p. 3741).

Dyed yarn, which is the knit outerwear manufacturer's raw material, was recently quoted in Germany at about 55 cents per pound; in the United States it costs more than twice that, enabling the German manufacturer to start with a great advantage (p. 3740). Another difficulty of the manufacturer results from the rapid changes of style in this industry, and the limitations as to types and sizes of goods which can be produced by a single knitting machine. Manufacture and sale are in small units. A large amount of labor is involved in the mere handling of orders (pp. 3740-3741 and 3743).

Size of industry.—There are about a thousand manufacturers in the domestic industry, employing last year about 57,000 persons; they have developed in 20 years a business having a volume of about \$280,000,000. The National Knitted Outerwear Association comprises perhaps 400 of the 1,000 manufacturers in the industry. In Milwaukee, there are perhaps 8,000 or 10,000 persons in the knit-goods industry; in the State of Wisconsin, as many more.

In response to an inquiry as to whether knit gloves come from countries other than those mentioned above, the witness stated that they come also from Great Britain, but was unable to state in what proportion as compared with Germany or to state whether the British glove sells in the United States for more than the German. He stated, however, that imports of knitted outerwear from Great Britain are largely of the finer classes and types, appealing especially to the demands of style and, therefore, that they ought to pay more duty than the German; also that the domestic industry produces the types of outerwear made in Great Britain as well as those made in Germany (pp. 3745-3746).

Rates suggested.—The following substitute for subdivision 4 of paragraph 1115, H. R. 7456, is proposed, showing in italics the changes in wording and in brackets the values and rates in the pending bill:

Outerwear and all other articles, *including neckwear, bathing suits, gloves, and mittens*, knit or crocheted, *wholly or in part*, finished or unfinished, made of wool or of which wool is a component part, whether or not constituting chief value, valued at not more than [\$2.50] \$1.50 per pound, 30 cents per pound and, in addition thereto, [28] 35 per cent ad valorem; *valued at more than \$1.50 per pound and not more than \$3 per pound, 36 cents per pound and, in*

addition thereto, 42 per centum ad valorem; valued at more than [2.50] \$3 per pound, 36 cents per pound and, in addition thereto, [33½] 50 per centum ad valorem.

The words "gloves and mittens" in subdivision 2 of paragraph 1115 should be eliminated, for these items should not properly be classed with hosiery, covered in the same subdivision.

The changes are recommended by the National Knitted Outerwear Association, in language, to make the paragraph more definite and certain; in rates, based upon American valuation, to afford adequate protection to the industry.

Remarks.—The National Knitted Outerwear Association favors the adoption of American valuation as provided in paragraph 402, H. R. 7456, believing that even high rates of duty will not protect this industry unless American valuation is adopted (pp. 3739–3740).

PARAGRAPH 1116.—WOOL WEARING APPAREL.

WITNESSES. AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. E. H. Snyder, representing the National Association of Merchant Tailors of America, Washington, D. C.

OTHER:

Mr. William Goldman, representing Cohen, Goldman & Co. (clothing manufacturers), New York City.

Hearings: Pages 3733–3734.

Witness: Mr. E. H. Snyder, representing the National Association of Merchant Tailors of America.

Rates suggested.—The ad valorem rate in paragraph 1116, on clothing and articles of wearing apparel valued at more than \$5 per pound, should be changed from 30 per cent, as now provided, to 50 per cent.

In the pending bill, the rates on wool clothing are inconsistent with the rates on the cloth. (Par. 1109.) The additional duty on clothing, in relation to the cloths, is only 2½ per cent, a margin far too narrow when it is considered that the cost of labor in the clothing industry is three times the cost in England.

Remarks.—The association is opposed to American valuation (p. 3429). It is also opposed to the raising of the maximum limitation to \$250, as regards the amount of wearing apparel entitled to free entry, as covered in the last proviso in paragraph 1678, free list.

Hearings: Pages 3708–3719.

Witness: Mr. William Goldman, representing Cohen, Goldman & Co. (clothing manufacturers), New York City.

Rates suggested.—Witness, testifying in favor of a lower duty on raw wool in the pending bill (see digest of his testimony, herein, under pars. 1101 and 1102), stated (p. 3710) that the tariff on clothing is not of vital concern to the clothing manufacturers, since clothing does not enter largely into international trade; is produced here under keenly competitive conditions; and is sold, in the main, far below the tariff wall.

PARAGRAPH 1117.—WOOL FLOOR COVERINGS (CHENILLE AXMINSTERS).

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Henry I. Magee, representing American carpet manufacturers, Philadelphia.

Hearings: Pages 3753–3761.

Costs and selling prices.—" * * * The proportion of labor to the whole cost is greater in a chenille carpet or rug than in any other wool floor covering in popular use, and runs as high as 43 per cent of the total cost, including overhead."

The average chenille Axminster sells at retail at about \$110.

Size of industry.—This type of floor covering has been manufactured in Great Britain for more than 60 years. It is a comparatively new industry in this country. About 25 years ago McLeary, Wallin & Crouse, of Amsterdam, N. Y., undertook the manufacture of chenille goods, but were unable to compete with the foreign industry. Encouraged by a more favorable tariff, the manufacture was again undertaken in 1910. During the war, owing to the removal of foreign competition and the increased domestic demand, the industry grew rapidly. Most of the overseers, etc., are from the British Isles.

There are now four concerns manufacturing chenille carpets and rugs, and in one (the largest) more than 500 operatives are employed in this particular department. One company produced, in 1914, 127,000 square yards and, in 1920, 344,000 square yards.

Rates suggested.—On chenille Axminster carpets and rugs, the duty to be increased (from 5 cents per square foot plus 30 per cent in H. R. 7456) to 10 cents per square foot plus 50 per cent ad valorem.

PARAGRAPH 1118.—WOOL FLOOR COVERINGS.

Wilton Carpets and Rugs.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Henry I. Magee, representing American carpet manufacturers, Philadelphia, Pa.

Hearings: Pages 3753–3761.

Costs and selling prices.—Relative to that portion of paragraph 1118 covering Wilton carpets and rugs, the following comparison was made between British and domestic Wiltons:

The foreign price of standard English worsted rugs, such as the Templeton Super, is £13 9s. 4d. With exchange at \$4, this would be \$53.87. Add \$19.12 duty at 25 per cent on the American valuation of \$76.50 for comparable rugs, such as Hardwick & Magee's French Wiltons and Whittall's Anglo-Persian. To this add \$1.50 to cover freight, etc., and 3 cents per square foot, or \$3.24 (presumably for importer's overhead and profit), and a total of \$77.73 is reached as the wholesale cost of a Templeton Super in this country. But with a duty of 28 per cent on carpet wool the increased cost of worsted yarns for domestic rugs will be 10 cents per pound, or 25 cents per running yard, equal to \$4 per rug, so that the price given above for

the domestic rug, namely, \$76.50, would be increased to \$80.50. The foreign rug would, therefore, undersell the domestic by almost \$3.

Rates suggested.—On Wilton carpets and rugs the duty to be increased (from 3 cents per square foot, plus 25 per cent ad valorem in H. R. 7456) to 3 cents per square foot, plus 30 per cent ad valorem.

Fiber and Wool-Fiber Floor Coverings.

WITNESS, AND INTEREST REPRESENTED.

REQUESTING RECLASSIFICATION:

Mr. Frank E. Carstarphen, representing manufacturers of fiber and wool-fiber rugs, New York City.

Hearings: Pages 3761–3766.

(NOTE.—The witness's testimony relates only to fiber and wool-fiber rugs, which, so far as paragraph 1118 is involved, would fall within either subsection 2 or subsection 3 thereof. It does not relate to paragraph 1118 as a whole.)

Size of industry.—The six companies belonging to the Grass & Fiber Rug Manufacturers' Association, represented by witness, produce perhaps 90 per cent of the fiber and wool-fiber rugs made in the United States. They employ about 2,000 persons, pay annually about \$2,000,000 in wages, and have a total capitalization of \$5,260,000 (p. 3766). There are no imports of fiber and wool-fiber rugs as such. Competition comes from the imported rice-straw rugs, which compete directly with the domestic grass rug, and, because used for the same purposes indirectly with the fiber and wool-fiber rug (pp. 3764–3765).

Rates suggested.—As regards classification in the act of 1913 of fiber and wool-fiber floor coverings, the witness quotes from pages 108 and 109, Tariff Information Survey J-3, entitled "Floor coverings other than wool," as follows:

There being little or no importation of fiber or wool-fiber floor coverings, the question of classification of these goods is, as matters now stand, largely an academic question. Development of foreign competition is not inconceivable, however, and it may be well to indicate under which provisions of the present tariff such goods would in all probability fall, if imported, and the changes in these provisions which have been recommended by the Tariff Commission.

From the standpoint of the present tariff law fiber and wool-fiber floor coverings as now produced in the United States fall into two main classes: (1) All-fiber floor coverings, made on plain looms, and (2) ingrain floor coverings, whether two-ply or three-ply and whether in part of wool or wholly of other materials. Since there is no specific provision for floor coverings of the first class, such goods would presumably fall under the general provisions of either paragraph 323 or paragraph 332, depending on the grade of paper used. These provisions read as follows:

"PAR. 323. * * * tissue paper * * * and articles manufactured from any of the foregoing papers or of which such paper is the component material of chief value, 30 per cent ad valorem.

"PAR. 332. * * * and all papers and manufactures of paper or of which paper is the component material of chief value, not specially provided for in this section, 25 per cent ad valorem."

Ingrain carpets, whether two-ply or three-ply and irrespective of component materials, are at present provided for as follows:

"PAR. 298. Treble ingrain, three-ply, and all-chain Venetian carpets, 20 per cent ad valorem.

"PAR. 299. Wool Dutch and two-ply ingrain carpets, 20 per cent ad valorem."

Ingrain rugs or art squares are covered by the following provision, except that it is to be noted that such articles must be composed in part of wool:

"PAR. 303. Mats, rugs for floors, screens covers, hassocks, bed sides, art squares, and other portions of carpets or carpeting, composed wholly or in part of wool and not specially provided for in this section, shall be subjected to the rate of duty herein imposed on carpets or carpeting of like character or description."

Unless Ingrain rugs or art squares containing no wool were construed to be covered by the foregoing provisions because of similitude, they would be classified elsewhere according to the leading material of which composed.

It is assumed by the witness that wool-fiber rugs will fall under paragraph 1118 in the pending bill (in subsec. 2, if classified as ingrain; in subsec. 3, if not so classified); but as regards the paper (or "fiber") rugs containing no wool, the witness believes there is uncertainty as to whether they would be classed under either paragraph 1118 or 1020 (this latter covering common straw mats and mattings and all other floor coverings not specially provided for). In case such uncertainty is deemed to exist, witness recommends that a special provision be added to paragraph 1118, as follows:

Floor coverings of which the chief component part either in weight or value is paper, 2 cents per square foot and 25 per cent ad valorem.

PARAGRAPH 1120.—MANUFACTURES OF WOOL, N. S. P. F.

WITNESS, AND INTEREST REPRESENTED.

REQUESTING RECLASSIFICATION:

Mr. John P. Wood, representing the National Association of Wool Manufacturers.

Hearings: Pages 3532 and 3534.

Remarks.—This paragraph was designed as a basket provision for the wool schedule, but includes no wool compensatory duty, and its ad valorem rate is not in accordance with the requirements for a catch-all paragraph. For these reasons the witness recommends that it be incorporated as a basket provision in the cloth paragraph (1109), where it has heretofore habitually been.

SCHEDULE 12.—SILK AND SILK GOODS.

PARAGRAPH 1201.—SILK.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. M. C. Migel, representing American Silk Spinning Co., Providence, R. I., and five others.

Mr. O. D. Frost, representing Champlain Silk Mills, 225 Madison Avenue, New York City.

Mr. Frederick F. Kip, president, representing Salts-Griswold Mills, Darby, Pa.

Hearings: Pages 3795-3803.

Witness: Mr. M. C. Migel, representing American Silk Spinning Co.

Costs and selling prices.—American dressers are now paid from \$40 to \$45 per week, an increase over prewar wages of about 30 to 40 per cent. In France similar labor is paid 20 francs per day, which, figuring $7\frac{1}{2}$ to 8 cents to the franc, would make the rate about \$9.60

per week. In Italy this labor is paid 30 lire per day, which would amount to about \$7.80 per week.

Comparability.—A large part of the import of peigneuses, the only important import item covered by this paragraph, is brought in by a recently established spun silk mill using foreign-made peigneuses. This mill is owned jointly by three members of the European spun-silk combination, which controls 90 per cent of the European peignee production. As the cost of making peignee is 60 per cent of the total cost of making spun silk, this concern has an advantage over manufacturers using domestic peignee. Japanese peignee has also been imported by domestic spinners, but as yet it has not been found very reliable.

Rates suggested.—Fifty-five to 60 cents per pound specific with an ad valorem minimum provision of at least 30 per cent on American valuation.

Hearings: Pages 3791–3795.

Witness: Mr. O. D. Frost.

Costs and selling prices.—At present the average cost of making peigneuses in the United States is about \$2.50 per pound. Of this about 87½ cents, or 35 per cent, represents labor costs and about \$1.62½, or 65 per cent, material cost. In Japan the cost of labor, allowing as much as 50 per cent lower efficiency in Japan than here, is about 20 per cent of domestic. For instance, the Champlain Silk Mills employ girls in their Yokohama packing plant at wages of 65 sen, or 32½ cents, per day—about 10 per cent of the wages of similar quality labor in this country.

Dressers in the United States receive \$6.18 to \$8.25 per day; in France, from 20 to 25 francs per day, which at the present rate of exchange would be \$1.60 to \$1.90.

Hearings: Pages 3803–3813.

Witness: Mr. Frederick F. Kip, representing Salts-Griswold Mills, and others.

Rates suggested.—The duty provided by this paragraph should be 55 cents per pound plus a minimum ad valorem provision of 30 per cent on American valuation.

It is imperative that an adequate specific duty be provided. In making peignee waste silk is put on a large circular frame, which, as it revolves, allows the material to come in contact with a smaller and faster revolving frame, which combs out the short fibers and parallels the long ones. This process is known as dressing. In Europe six or eight drafts or combings are made. Since a combination of mills controls 95 per cent of European peignee production, one mill can use, itself, the first two drafts and sell the remainder as a by-product at about one-fourth its actual value to a spinning mill affiliated with the combination. Members of the trust can, therefore, export to the United States short drafts at below cost prices, which they can prove to be market price for sales between mills in Europe. Without the specific rate it will thus be possible for them to dominate the domestic situation and put American producers out of business whenever they choose.

PARAGRAPH 1202.—SPUN SILK.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Horace B. Cheney, representing the Silk Association of America, 354 Fourth Avenue, New York City.

Mr. M. C. Migel, representing the American Silk Spinning Co., Providence, R. I.

Mr. C. D. Frost, representing the Champlain Silk Mills, 225 Madison Avenue, New York City.

Mr. Frederick F. Kip, representing the Salts-Griswold Mills, Darby, Pa.

Hearings: Pages 3771-3790; 3852-3854.

Witness: Mr. Horace B. Cheney, representing the Silk Association of America.

Costs and selling prices.—The average earnings of spinners at the present time in the Cheney Bros. plant are 53½ cents per hour. For the whole country in 1920 the highest wage for spinners was \$5.70 per day; the lowest, \$2.50 per day. In Switzerland the average was 10.5 francs per day, which at normal exchange would be \$2.10; at current exchange, \$1.65.

Hearings: Pages 3795-3803.

Witness: Mr. M. C. Migel, representing the American Silk Spinning Co.

Costs and selling prices.—To-day domestic prices of good qualities of yarn vary from \$4 to \$6 a pound. European prices are fixed by a combination composed of three large concerns which together own 30 or more mills in Europe. While they have separate agencies here, their prices are uniform. In April, 1921, they took advantage of their position to lower prices to a point below the cost of production and in that way to dispose of large quantities of yarn in this country. Domestic prices were thus forced down \$1 per pound and domestic mills had to close. (For data on peignee costs, stated to make 60 per cent of total spun silk labor costs, see testimony under par. 1201.)

Size of industry.—American manufacturers produce annually spun silk valued at approximately \$30,000,000. Imports in 1920 amounted to approximately \$15,000,000, or 50 per cent of the domestic manufacture. Of the imports, 90 per cent was obtained from the spun-silk trust referred to above.

Rates suggested.—A minimum ad valorem duty of 32.5 per cent on American valuation, with the specific rates of H. R. 7456 retained.

Remarks.—The combination above referred to has recently established in this country a mill of its own and is using imported peignee in making its yarns. (See testimony under par. 1201.)

Hearings: Pages 3791-3795.

Witness: Mr. O. D. Frost.

Costs and selling prices.—(See testimony under par. 1201.)

Size of industry.—(United States and Japan.) In 1920 Japan produced 6,697,000 pounds of spun silk, in addition to 2,431,000 pounds of noil yarns—yarns made from the by-products of the spinning industry. The increase in production of spun silk in 1920 over 1919 was 67 per cent. During the war the Japanese dressing plants were developed, followed, since the war, by spinning plants whose present capacity is practically equal to that of this country, or from

7 to 7½ million pounds per year. These plants are therefore large potential competitors. The bulk of imports now, however, come from Europe and are sent here by the large silk-spinning combination. The total imports in 1920 were 3,400,000 pounds in round figures.

Rates suggested.—The retention of the specific rates of H. R. 7456, with an increase in the catchall clause to 32½ per cent ad valorem on American valuation.

Remarks.—While not generally considered in this country a key industry, about 80 per cent of domestic spun-silk production was used during the war in the manufacture of cloth for cartridge bags to hold the powder charge of big guns. It is necessary, therefore, to maintain the industry for war purposes.

Hearings: Pages 3803–3813.

Witness: Mr. Frederick F. Kip, representing the Salts-Griswold Mills.

Rates suggested.—On undyed single yarns in skeins, cops, or warps there should be provided a minimum ad valorem catchall clause by inserting in House bill, page 126, line 23, after the word "pound," the words "*Provided*, That none of the foregoing shall pay a less rate of duty than 31½ per cent, American valuation"; on other yarns the minimum provision should be 35 per cent, American valuation, instead of the 26 per cent in the House bill (p. 127, line 8), a rate which, as the bill now stands, applies to single and ply yarns in all conditions.

PARAGRAPH 1203.—THROWN SILK.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Frederick F. Kip, representing the Salts Textile Manufacturing Co., Bridgeport, Conn.

Hearings: Pages 3803–3813.

Rates suggested.—The ad valorem minimum rate provided in this paragraph, House bill, page 127, line 23, should be increased from 12½ to 15 per cent on American valuation.

PARAGRAPH 1204.—SILK SEWING THREAD.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Frederick F. Kip, representing the Salts Textile Manufacturing Co., Bridgeport, Conn.

Hearings: Pages 3803–3813.

Rates suggested.—The ad valorem minimum upon sewing silk in the gum, House bill, page 128, line 4, should be increased from 20 to 25 per cent on American valuation; and upon sewing silk ungummed, House bill, page 128, line 8, from 26 to 30 per cent on American valuation.

PARAGRAPH 1205.—SILK FABRICS WOVEN IN THE PIECE.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Horace B. Cheney, representing the Silk Association of America, 354 Fourth Avenue, New York City.

Mr. Ernest J. Ruegg, representing Schwarzenbach, Huber & Co., 470 Fourth Avenue, New York City.

FAVORING LOWER DUTIES:

Mr. Samuel Kridel, representing manufacturers of silk, as well as traders, New York City (also requesting reclassification).

Mr. Alfred Kohlberg, representing himself, as an importer, Bayside, Long Island, N. Y. (also requesting reclassification).

Mr. Armin C. Stapfer, New York City (also requesting reclassification).

Mr. H. E. Miles, chairman of the Fair Tariff League.

Hearings: Pages 3771-3790; 3852-3854.

Witness: Mr. Horace B. Cheney.

Costs and selling prices.—Labor costs in Cheney Bros.' plant in South Manchester, Conn., are now 160 per cent higher than in 1914. Before the war the average wage was 20.9 cents per hour; early in 1920 it was 60 cents; it is now 51 cents. Selling prices, on the other hand, have been reduced by one-half since the spring of 1920.

Japanese prices on 6½ momme habutai—habutai is the largest imported fabric—were \$1.15 per yard in January, 1920; 45.7 cents in July; before the end of the year it fell to 36 cents; and since then have risen to something over 50 cents.

At the request of Senator Calder, the witness inserted in his remarks the tables on wages in the United States and foreign countries presented by him at the Ways and Means Committee hearings. For the full tables see page 3788. Comparable data contained therein may be summarized as follows:

Daily wages.

[Dollars.]

	United States.				Japan.				Switzerland, average for 1920. ¹	Italy, average for 1920. ¹
	1913		1920		1913		1920			
	High.	Low.	High.	Low.	High.	Low.	High.	Low.		
Weavers.....	3.00	1.00	8.25	4.50	0.20	0.10	1.25	0.60	1.98	0.62
Winders.....	1.40	.50	5.10	2.75	.10	.08	.70	.50	1.57	.36
Machinists.....	4.50	2.00	7.90	6.25	.40	.20	2.00	1.00	3.79	.94

¹ At current rates of exchange.

Size of industry.—Census reports for 1919 show a total of 127,000 wage earners in the whole silk manufacturing industry. Reports obtained by the Silk Association of America indicate that of this number there were unemployed in all branches of silk manufacture 54,000 on January 1, 1921; 28,000 on September 1, 1921; and 31,000 on September 26, 1921. The silk-weaving section of this industry is, however, operating at not more than 50 per cent capacity. In

the spring of 1921, 55 per cent of the looms were in operation, and in November, 1921, approximately the same percentage. In both periods, however, about 65 per cent of the active looms were running on short time.

Comparability.—The statements made to the committee to the effect that goods of the same character as these imported from China and Japan are never made here are incorrect. This is shown by the samples submitted of domesticated and wild silk cloths, of identical construction, produced both in the United States and in the Orient. The statement that silk goods with lammé or tinsel filling are not made in this country is also erroneous. Despite being at a disadvantage because of the low duty at present imposed upon this class of goods, many domestic mills are engaged in their manufacture. The duty on them should, however, be increased in as great a proportion as the duties in the silk schedule are increased.

It should be emphasized, moreover, that goods do not have to be of identical character to be competitive; any cloth is competitive with another cloth when it displaces the other in public use. Not only has the increased import, under the Underwood law, of habutais and pongees stopped the manufacture of those cloths in the United States but it has caused loss of business in other lines. There was, for instance, at one time a large domestic manufacture of florentine, a fabric made with reeled silk warp and spun silk filling. It was largely driven off the market by the enlarged use of Japanese habutai, a lighter cloth of somewhat different appearance. Habutais are also competitive with foulards, even though foulards are different in construction. The difference in appearance between a foulard and a habutai, when each is printed and made up into a dress, is not sufficiently great to make a woman care very much if she substitutes one for the other.

Rates suggested.—The specific duties of the House bill, even though too low to be applicable under present prices, should be retained, and the ad valorem minimum provision should be increased from 31 per cent to 38½ per cent on American valuation, or to 55 per cent on foreign valuation.

Prices here and in foreign countries have doubled since 1913, and the difference between them has therefore also doubled. Hence, in order to afford the same protection as given by the specific rates of the Payne-Aldrich law, in the new law those rates would have to be doubled. The House committee, however, not thinking it expedient to make such increase, adopted without material change the Payne-Aldrich rates, which would not, except on special types of goods, be operative at the present level of prices. The great bulk of imports would come in under the minimum ad valorem provision, placed by the House at 31 per cent on American valuation.

Silk manufacturers are very reluctant to abandon the principle of specific rates, since such rates have the advantage of being much more reasonable in application, easier of collection, impossible of evasion, and of helping to equalize the exchange rates of various countries. If, however, it is not feasible to raise the specific rates to such figures as to make them protective, it is requested that those provided by the House bill be retained, it being desirable that the

Government obtain reports showing imports under the different specific brackets. In this way it will be possible to determine a reasonable basis for specific schedules and to provide Congress with adequate data for the future revision of specific rates.

If the ad valorem minimum catchall has to be relied upon because of the low specific rates, then it should be taken into account that there is a certain amount of undervaluation and that not all of the duty on an ad valorem basis can be collected. It should be remembered, also, that when specific rates were enacted the ad valorem catchall was placed at a lower figure than the ad valorem rates which had formerly been the sole duty. It was intended to catch those things which were not covered on the specific basis. Under the Payne-Aldrich law, the ad valorem catchall was 45 per cent and the ad valorem equivalent of the specific rates 55 per cent. The strict 45 per cent duty of the Underwood law thus meant a considerable reduction in duties. Under present circumstances, with specific rates too low to be protective, the ad valorem catchall should be made the same as an ad valorem equivalent of the Payne-Aldrich 55 per cent on foreign valuation or about 38 per cent in terms of American valuation.

The request of Mr. Kridel, Mr. Kohlberg, and others that woven goods made of tussah, or wild silk, be admitted at specific rates lower than those of the House bill and less than those upon other silk cloths is based upon questionable data. Prices are named on such goods of about \$2.50 per pound, despite the fact that 8-cocoon tussah of standard grade, such as is used in their production, is to-day quoted on the New York market at prices ranging from \$4.30 to \$4.65 per pound. With the gum removed, the raw silk content of a pound of pongee would, therefore, be worth from \$5 to \$5.25 per pound, and a pound of such goods could not, in the opinion of the witness, be legitimately imported to-day at a lower value than \$6.50 per pound, at which figure the duty under the present 45 per cent rate would be much higher than the ad valorem equivalents of the specific rates applicable to them under H. R. 7456.

Separate provision for pongees by designating them as cloths made of tussah or wild silk is impracticable. There are many varieties of wild silk, some of them of the same color as some varieties of domesticated silk, and it would be extremely difficult for the best expert to differentiate between all the different types when woven into goods and colored. There is no one who could do so with certainty, especially as there are goods in which wild silks are mixed with domesticated silks.

As to Mr. Kridel's statement that the provision for an additional duty on cloths containing threads or yarns of over 30 turns of twist to the inch is impracticable because of the difficulty of determining the amount of twist, the reply is that, on the contrary, by the use of a twisting machine the number of twists per inch can be very quickly and accurately ascertained.

Remarks: Further references to Japanese conditions include the statement that the average annual exports of habutai from Japan to the United States increased from 9,428,503 square yards in the five years, 1910-1914, to 24,614,546 square yards in the succeeding five-year period. Japan is steadily improving her methods of production and substituting power looms for hand looms, as is evidenced

by the following table, showing the total imports of textile machinery into Japan from all countries:

1915 -----	\$877, 344
1916 -----	1, 290, 582
1917 -----	2, 744, 182
1918 -----	4, 684, 176
1919 -----	8, 064, 734

For two years, 1908 and 1909, data are available showing the increase in power looms and the decrease in hand looms engaged in Japanese habutai manufactures. In 1908 there were 4,930 power looms and 42,637 hand looms; in 1909, 8,127 power looms and 40,075 hand looms. In 1908, 1,087,104 pieces of habutai were produced on power looms and 1,350,468 on hand looms; in 1909, 1,394,016 on power looms and 1,258,236 on hand looms.

Another feature referred to is the fact that at one time the French silk industry produced goods similar to the Japanese specialty of habutai. The dyeing industry in that country, being more powerful politically than the weaving industry, secured a great reduction of duty and, for a time, the free importation of cloths of this class. The result was that France entirely lost that section of her weaving industry, although very much more advantageously situated than the United States for competition. To-day a large part of the goods brought here from France are woven in the Orient, dyed and finished in France, and exported as French goods. (See pp. 3632 and 3633 for details of French duties on silk manufactures from 1873 to 1910.)

Available figures for the first 10 months of 1921 indicate that the volume of imports into the United States was 50 per cent greater than in any of the preceding four years. The witness believes that the real effect of the law of 1913 has never had any opportunity to be thoroughly demonstrated, because of the disturbed conditions which have existed since that time. Even before the beginning of hostilities in Europe, however, there were evidences of a decided increase in the importation of silk goods, particularly from the Orient and more particularly from Japan. The abolition of specific duties worked for greater advantage to countries of low labor cost than to those of high labor cost. Furthermore, it is difficult to determine the value of many oriental goods, because little is known as to their costs of production.

The witness ascribed the difference between his figures on imports and those presented by Mr. Kridel to his own use of quantities, while Mr. Kridel had used values. Prices were cut in half, so that his figures show a decrease, although in quantity there was a decided increase.

As to reexports, mentioned by Mr. Kridel as having occurred in 1920, the reply is that such reexports as occurred resulted from the cutting in half of prices. The Japanese found it profitable to re-export the goods to Japan, and later ship them back here so that the duty would be assessed upon the lower price.

Hearings: Pages 3819-3826.

Witness: Mr. Ernest J. Ruegg, representing Schwarzenbach, Huber & Co.

Costs and selling prices.—In China the price of pongees runs from 25 cents up. The cloth that can be bought in China for about 25

cents would cost, in Schwarzenbach, Huber & Co.'s mills, 85 cents per yard. In making this cloth, a weaver, earning 42 to 45 cents per hour, would probably tend three looms, upon each of which would be produced 10 to 12 yards per loom per day.

The best information obtainable is that Japanese wages are about 10 per cent of American and, making a very liberal allowance for differences in efficiency of labor, the Japanese conversion cost is not over 25 per cent of the American. Japanese mills produce about the same yardage in a working day of 11 hours as United States mills do in a working day of 8 hours. As for materials, American mills buy raw silk in the same market as France, England, and other countries. The Chinese and Japanese, in the witness's opinion, have the considerable advantage of a local market, with a resulting saving in transportation costs.

Size of industry.—Schwarzenbach, Huber & Co., who began business in 1883 and own a number of plants, employ, when running full capacity, about 5,000 people. The firm expanded its facilities during the war period, the latest additions being two new plants erected about three years ago. Now, however, with imports increasing, it is unable to run full capacity.

Comparability.—This company does not now manufacture goods exactly like the imported pongees and habutais, although, before the present tariff act went into effect in 1913 it did produce considerable quantities of both habutais and pongees. The Payne-Aldrich tariff was so fair that orders for this class of goods were sometimes divided evenly between domestic manufacturers and importers. The duty was neither too high nor too low; it gave both a chance. When the present 45 per cent duty went into effect, Schwarzenbach, Huber & Co. had immediately to discontinue the manufacture of this class of goods—goods for which a very excellent trade had been built up, with a lot of good will and many connections. In order to hold this trade, it has since that time regularly imported from Japan both habutais and pongees, and will continue importing them until the adoption of a tariff which permits their manufacture here. At present, imports are increasing, although domestic mills can not keep going at anything like full capacity.

While the goods produced here now are not closely similar to those imported, the imports are competitive because, if they did not come in, domestic silks would be used in their place.

Rates suggested.—The minimum ad valorem provision of this paragraph should be increased to 38½ per cent on American valuation, or 55 per cent on foreign valuation.

Domestic silk weavers would, of course, prefer to have the specific duties raised to such an extent that they would become operative, but this would require so great an increase that it could hardly be asked for. The least that could be done would be to put the ad valorem provision at a figure equal to the ad valorem equivalent of the Payne-Aldrich law, which worked out to about 55 per cent. Doing this would help some, though, in the opinion of the witness, not much.

The specific rates as they now stand in the House bill would not be operative except in one or two insignificant instances. Mr. Kohlberg has stated that Chinese pongees would be excluded through the ad

tion of these specific rates. Even if the specific duty on them should turn out to be 115 per cent, as Mr. Kohlberg states, these goods could not be produced here. It would take a duty equal to at least 200 per cent ad valorem, which would mean an increase in the House bill specific rates of something like 75 per cent. Neither the specific rates of the House bill nor the 38½ per cent American valuation will keep these goods out.

Remarks.—Imports of silk cloths are constantly increasing. For the first 10 months of 1919, the import was 2,000,000 pounds; for the first 10 months of 1920, 1,500,000 pounds; and for the first 10 months of 1921, 3,852,000 pounds.

Hearings: Pages 3827–3854.

Witness: Mr. Samuel Kridel, representing manufacturers of silk, and traders.

Cost and selling prices.—It is very difficult to secure actual cost figures on American fabrics. The Silk Association of America sent out to all manufacturers of broad silk a letter asking for costs on four specifically described fabrics, for which the raw silk price basis was prescribed. Returns upon the same fabric showed as much as 40 per cent difference between different concerns. Upon a colored taffeta of 168 threads per inch of warp and 92 threads per inch of filling the costs supplied varied from \$0.965 to \$1.318 per yard; upon a black messaline of 162½ threads per inch of warp and 84 threads per inch of filling, from \$0.908 to \$1.25 per yard; upon a crêpe de chine of 120 double threads per inch of warp and 80 threads per inch of filling, from \$1.08 to \$1.50 per yard; upon a crêpe Georgette of 80 single ends per inch and 84 threads per inch of filling, from \$0.84 to \$1.10. For detailed description of the fabrics and a complete list of the cost variations, see pages 3832 and 3833.

Japanese wage costs have increased from 300 to 350 per cent over the prewar basis. From careful investigation, it would appear that wages in Japan are about one-sixth of American, not one-tenth, as stated by some witnesses. In efficiency, the Japanese are at least from 50 to 70 per cent below us. The wages paid reeling girls in Japan, as well as conditions existing in the reeling industry, as outlined by Mr. Cheney, have no bearing as a basis of comparison of wages paid in the domestic weaving industry. Low wages and inefficiency usually go hand in hand. It makes a vast difference whether a weaver operates a slow and primitive loom in Japan or three or four modern high-speed looms in this country. A loom in this country produces two or three times as much in the same day as do the primitive slow-weaving Japanese looms. It is doubtful whether Japanese imports of textile machinery are for use in the silk industry; they are probably for use in making cotton goods. In the silk industry the Japanese do not seem inclined to adopt modern methods. On page 3833 will be found cost data on Japanese habutai and pongee.

The witness submitted a Japanese commodity index (p. 3833) for each month from January, 1913, to November, 1920, inclusive, showing an increase from 134 in January, 1913, to 425 in March, 1920. In April, 1920, a decline began which carried the index to 292 in November. He also filed a table showing prices, present duties,

and proposed Fordney bill duties upon three grades of Chinese pongee, summarized below; for the full table see page 3833.

Description.	Price per piece.	Present duty per piece (45 per cent).	Fordney duty per piece (\$3 per pound).	Per cent of Fordney duty to foreign value.
Honan pongee, 39 ounces to piece.....	\$6.60	\$2.97	\$7.31½	110
Ninghai firsts, 123 ounces to piece.....	16.67	7.49½	23.06½	132
Shantung, 35 ounces to piece.....	2.794	1.24½	6.56½	236

The witness submitted data on French and Swiss costs, wages, and working conditions, referring to a table on pages 3834 and 3835. Swiss wages and living costs show especial increases over pre-war rates.

Size of industry.—In 1914 the silk industry of America supplied 88 per cent of the total domestic consumption of silk goods, including knit goods. During the six years 1914–1919 the disparity between imports and exports grew steadily greater notwithstanding the lower duties of the Underwood law. The total imports in 1919 equaled only 6 per cent of the domestic production. The war, in the opinion of the witness, had nothing whatsoever to do with this.

The witness submitted tables (see Hearings, pp. 3831 and 3832) showing the growth of the domestic silk manufacturing industry from 1899 to 1919 and domestic production in 1914 and 1919. For comparison with the latter figures, he gave a table showing imports of various silk products in 1914 and 1919. These tables show in 1914 for silk fabrics in the piece a domestic production valued at \$137,720,000 and an import valued at \$11,984,821; in 1919, a domestic production valued at \$391,226,000 and an import valued at \$28,416,781.

Comparability.—None of the goods from Japan and from other countries are similar to those manufactured in the domestic mills in which the witness is interested. The imported goods come in competition with domestic goods only in the sense that imported material might be replaced by domestic products. When, as has been stated by witnesses, they formerly produced goods like the imported habutai and pongees, what they made was similar appearing but not the same goods. The oriental habutais and pongees are made from silk of such low grade that it could not be used here.

Rates suggested.—The 45 per cent ad valorem foreign valuation duty at present in operation under the Underwood law should be retained. If, however, specific duties should be adopted a special paragraph should be enacted covering fabrics composed of tussah or wild silk. Upon these cloths the specific rates of the Fordney Act would run, as was shown in the tables given above under "Costs and selling prices," from 110 to 236 per cent on foreign value and would, in the witness's opinion, be prohibitive. A suggested paragraph covering these goods follows:

Woven fabrics in the piece, composed wholly or in chief value of tussah wild silk, weighing more than 1¼ ounces per square yard, but not more than 2½ ounces per square yard, if in the gum, \$1.75 per pound; ungummed, whole or in part, \$2.25 per pound; if dyed or printed in the piece or further advanced, \$2.50 per pound; if weighing more than 2½ ounces, but not more than 8 ounces per square yard, if in the gum, \$1.50 per pound; if ungummed wholly or in part, \$1.75 per pound; if dyed, printed, or further advanced, \$2 per pound.

The provision of 25 cents per pound additional on fabrics having threads or yarns containing more than 30 turns of twist to the inch is both unnecessary and impracticable. The American throwing industry is very efficient in the production of hard twist yarns, and the fabrics made therefrom are manufactured here on a large scale and need no extra protection. It is very difficult, moreover, to ascertain whether a foreign fabric has threads of 30 turns of twist to the inch. Its ascertainment is highly technical, scientific, and tedious, and the dividing line would be a matter of serious contention at all times.

The proposed American valuation should not be adopted, because in very few cases are foreign silks strictly comparable in construction, material, and kind to domestic silks; because the basis of appraisal on the American valuation would be subject to great guesswork and would vary in different parts in accordance with the views of the individual appraisers; because of the difficulty of arriving at accurate cost figures on American fabrics as illustrated by the Silk Association costs shown above under "Costs and selling prices"; and because such a basis of valuation would exclude to a very great extent importation of silk goods from France, a country to which the American silk industry is indebted for creation of new ideas and new styles. (See figures under "Costs and selling prices.")

Remarks.—The United States formerly imported from France goods woven in Japan, but dyed and finished in France. In the last few years this country excelled splendidly in the field of dyeing and finishing Japanese goods, so that now they are brought in directly from Japan and dyed and finished here. These goods form, indeed, the basis of subsequent manufacture.

Undervaluation, in the opinion of the witness, very rarely occurs. Full records are kept at appraisers' stores of every importation, and those from Japan are appraised on the basis of regular price data secured by American consuls in that country.

Hearings: Pages 3814–3819.

Witness: Mr. Alfred Kohlberg, an importer.

Rates suggested.—Practically all pongees come within the brackets of the Fordney bill covering ungummed fabrics in the gray weighing from 1½ to 2½ ounces and from 2½ to 8 ounces at \$2.75 and \$3 per pound, respectively. That these proposed duties on pongees coming from China mean tremendous and varying increase over the straight 45 per cent ad valorem rate at present in effect will be seen from the following table, covering the main grades of this type of goods imported from that country:

Chinese silk pongees (Tussah)—Duty per piece.

	Under-wood.	Fordney.	Increase.	Per cent of increase.
A. 32/34 ounce, 17/18 yard Shantung.....	\$1.35	\$6.20	\$4.85	359
B. 90/100 ounce, 48/50 yard Ninghai.....	7.80	18.00	10.20	131
C. 38/40 ounce, 18/20 yard Honan.....	3.15	7.30	4.15	131
D. 120/130 ounce, 28/30 yard Ninghai.....	7.50	23.25	15.75	210

The witness imported in 1920 from China 496,368 pounds of pongee, valued at \$1,288,373, and paid a duty of \$579,767, or 45 per

cent. Under the Fordney tariff of \$3 per pound he would have paid a duty of \$1,489,104, an increase of 157 per cent.

On Japanese pongees the increases, as will be noted from the following figures, are not nearly so great.

Japanese silk pongees (Tussah)—Duty per piece.

	Under-wood.	Fordney.	Increase.	Percent of increase.
E. 12 momme, 33-inch, 50-yard pieces.....	\$8. 70	\$13. 20	\$4. 50	51
F. 14 momme, 33-inch, 50-yard pieces.....	10. 50	15. 40	4. 90	46
G. 16 momme, 33-inch, 50-yard pieces.....	13. 30	17. 60	4. 30	32

Chinese pongees are made on hand looms, are rough in appearance, and contain, as imported, a great deal of gum and considerable amounts of starch. The last-mentioned characteristics add, of course, to their weight and make the application of a specific duty to them unfair, unless the actual boil-off weight be used. The best solution is to leave the duty as at present, 45 per cent ad valorem on foreign valuation. In case American valuation is adopted, 22.9 per cent is suggested as the proper rate. This suggestion is based upon the fact that the witness's sales of Chinese and Japanese fabrics in the first 11 months of 1921 amounted to \$391,927, while the duty paid by him on these goods amounted to \$89,743, which works out at exactly 22.9 per cent of the sales value.

In case specific duties are maintained, a special rate on tussah of \$1.50 per pound, instead of \$3 per pound, which is a prohibitive rate, is suggested. Even this duty would mean a considerable advance over the present duty. Calculated on the witness's last year's sales the increase would be from 45 per cent to 58 per cent on foreign value—an increase which would not be prohibitive.

Hearings: Pages 3854-3857.

Witness: Mr. Armin C. Stapfer, representing the Silk Association of America.

Costs and selling prices.—In the United States a weaver operates from three to four looms while in Japan he operates only one loom, and under primitive conditions. Differences in wages are therefore greatly offset by differences in efficiency. For instance, on habutai a weaver in Japan would produce, working on one loom, between 6 and 8 yards a day, while in this country a weaver, working on three or four looms, produces at the rate of 12 to 15 yards per loom per day. Even with modern looms and the experience and opportunities gained during the war, the Japanese made no impression on the American market. The truth is, they have not reached, even with the modern looms they use in the cotton industry, the American state of perfection in manufacture. A Japanese factory is neither so efficient nor so well organized as an American. A proof of this inferiority in production is found in the fact that, despite their cheap labor, the Japanese have not been able successfully to make crêpe georgettes and crêpe de chine for this market, although in making these fabrics the ratio of labor costs to total costs is greater than in the case of habutai.

Comparability.—Japanese imports consist chiefly of habutai. This is a unique fabric, not made in this country. It is made from inferior silk which could not be used upon American looms. The Japanese have made some attempts to export to this country crêpe de chine and crêpe georgette but these were rather disastrous. They did send some shirtings during the war, but this was due to the shortage in the domestic supply and has long since stopped.

Rates suggested.—It is now, as it has been in the past, impracticable to have specific rates. Market prices fluctuate very greatly and specific rates properly adjusted to-day may be out of proportion to-morrow.

Hearings: Pages 3767-3770.

Witness: Mr. H. E. Miles, chairman of the Fair Tariff League.

Costs and selling prices.—One-half of the cost of making silk is the raw material. To-day the tariff on silk is 45 per cent, or 90 per cent on all the other cost items, including the profit of the foreigner, his overhead, and his wages.

Comparability.—There is to-day a virtual embargo on the importation of silks for general use in the United States. There is none coming in competition against the production of the United States except the cheap habutai from Japan and the pongees from China, two things which, apparently, American manufacturers do not want to make.

Rates suggested.—Thirty per cent on foreign valuation.

PARAGRAPH 1206.—VELVETS, PLUSHES, AND OTHER PILE FABRICS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Frederick F. Kip, representing Salts Textile Manufacturing Co. and other pile-fabric manufacturers, Bridgeport, Conn.

FAVORING LOWER DUTIES:

Mr. Samuel Kridel, representing J. Kridel, Sons & Co., and other manufacturers and importers of silk. (Also requesting reclassification.)

Hearings: Pages 3803-3813.

Witness: Mr. F. F. Kip, representing Salts Textile Manufacturing Co. and others.

Costs and selling prices.—Wages in the mills of the witness were reduced twice in 1921, the total reduction amounting to about 22 per cent. Even now they average, however, from 75 to 90 per cent more than in 1914.

Size of industry.—The Salts Textile Manufacturing Co. employs from 3,500 to 4,000 workers. Until the last reduction in wages mentioned it was running its mills only three days a week. At present it is producing for stock in anticipation of a future market.

Rates suggested.—The ad valorem minimum provision of the House bill should be increased from 33½ to 41½ per cent on American valuation. In passing upon this request it should be considered that silk-pile fabrics are luxuries.

All previous tariffs, including that of 1913, have accorded to velvets, plushes, and other pile fabrics a higher rate of duty than silk fabrics woven in the piece. (Par. 1205.) This is necessary because

the principal material of pile-fabric manufacture, spun silk (par. 1202), has always been dutiable at from 30 to 35 per cent.

Suggested reclassification.—Hatters' plush, covered in the House bill by paragraph 1453, should be included in this paragraph by inserting in line 13, page 133, after "plushes," the words "including such as are commercially known as hatters' plush." For a discussion of the reasons for this suggestion, see Mr. Kip's testimony on paragraph 1453.

Hearings: Pages 3826-3851.

Witness: Mr. Samuel Kridel, representing J. Kridel, Sons & Co.

Costs and selling prices.—On a brocaded velvet imported by Menke, Kaufman & Co. foreign cost was \$3.01; landed cost, \$3.28; duty under present law, \$1.50; domestic selling price, \$5.46, upon which the House bill rate of 33½ per cent would amount to 60 per cent on foreign value.

Rates suggested.—Objection was raised to the specific rates on velvet and plush ribbons as provided in paragraph 1206, page 134, line 15 to the end of the paragraph. It was urged that because of the way they are packed it is impossible to obtain their weight without destroying in some measure the appearance of the goods and, furthermore, that because of variations in weight due to deviations in cutting the pile the weight of the sample chosen by the examiner might not be indicative of the average weight of the whole shipment.

PARAGRAPH 1206.—HATTERS' PLUSH.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES; ALSO RECLASSIFICATION.

Mr. Horace R. Cheney, representing the Silk Association of America, New York City.

Mr. Frederick F. Kip, representing Salts Textile Manufacturing Co., New York City.

Hearings: Page 3785.

Witness: Mr. Horace B. Cheney.

Rates suggested.—This paragraph should be eliminated and hatters' plush thus be made dutiable, like other plushes, under paragraph 1206. The material is supposed to cover plush used exclusively in making men's silk hats, yet imports have increased with a decreased use of such hats.

Hearings: Pages 3803-3813.

Witness: Mr. Frederick F. Kip, representing pile fabric manufacturers.

Rates suggested.—The witness suggests that this paragraph be eliminated and that hatters' plush, like other plushes, be subject to the duties that may be provided in paragraph 1206. To this end it is urged that, in paragraph 1206, after the word "plushes," there be inserted the words "including such as are commercially known as hatters' plush."

Under the present and preceding laws, which provide separately for hatters' plush such as is used in making men's hats, there has been a great deal of trouble at the customhouse and some litigation. Years ago this provision cost the Government \$20,000,000 in refunds of duty. The language of the bill, following the recommenda-

tion made on page 580 of "Summary of Tariff Information" (prepared in 1920 for the Committee on Ways and Means), which confined the operation of this paragraph to hatters' plush of qualities and width generally used in the making of men's silk hats, is a great improvement. It leads to the paradoxical result, however, that plush of the grade used for making men's silk hats of 22 or 26½ inches, the widths ordinarily used for men's silk hats, will come in at the low rate of 10 per cent ad valorem, while plush of the same quality imported in any other width would come in at 33½ per cent—a duty that should be increased to 41½ per cent. This inequity the witness protested against. It did not matter a great deal when the qualities of plush used in making men's hats were rarely used for other purposes and when the increase has been for use in making women's hats. But right at present the matter is of urgent importance, for it is this type of plush that is now in vogue and which, according to the estimate of the witness, now constitutes 60 per cent of the European production of velvets and plushes. In 1922 the American demand therefor will be extensive, and, in the opinion of the witness, if the 10 per cent duty remains there will be danger of the throwing out of employment of a large proportion of domestic employees making this class of goods.

Furthermore, if the operation of the paragraph could be restricted to plush used in making men's silk hats it would be placing a much lower duty on the material used for this extreme luxury than on that used for making hats used by women of moderate means.

If a separate paragraph be retained for hatters' plush, it should be placed in schedule 12 instead of in schedule 14. This was also recommended in the "Summary of Tariff Information," referred to above.

PARAGRAPH 1207.—SILK RIBBONS AND SMALL WARES.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Frederick F. Kip, representing Salts Textile Manufacturing Co., Bridgeport, Conn.

Hearings: Pages 3803-3813.

Rates suggested.—The House bill rate of 33½ per cent ad valorem should be increased to 40 per cent ad valorem on American valuation.

PARAGRAPH 1208.—KNIT GOODS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Frederick F. Kip, representing the Salts Textile Manufacturing Co., Bridgeport, Conn.

Mr. Sidney Worms, representing the Franklin Knitting Mills, 519 East Seventy-second Street, New York City, and the National Knitted Outerwear Association.

Hearings: Pages 3803-3813.

Witness: Mr. F. F. Kip, representing the Salts Textile Manufacturing Co.

Rates suggested.—On knit fabrics, page 135, line 12, the rate should be increased from 35 to 41½ per cent ad valorem on American valuation; on knit hosiery and underwear, page 135, line 14, from 40 to 46½ per cent ad valorem on American valuation; on knit outerwear, page 135, line 17, from 40 per cent to 46½ per cent ad valorem on American valuation.

Hearings: Pages 3857–3861.

Witness: Mr. Sidney Worms, representing the Franklin Knitting Mills and the National Knitted Outerwear Association.

Costs and selling prices.—In Austria, Germany, and Czechoslovakia conversion costs on knitted outerwear are about one-fifth of the American. This estimate is based upon the foreign wage figures contained in the National Industrial Conference Board Research Report No. 40. These indicate that the average hourly textile wage in Germany is less than 7 marks, or at present exchange rates about 4 cents, while the average in the United States is 50 cents per hour. Total costs are estimated (see table on p. 3663) to be \$9.62 in Germany and about \$20.45 here.

Domestic prices doubled up to March, 1920, and have declined about one-third since then.

Size of industry.—The domestic silk knitted outerwear industry has grown from nothing in about 1908 until to-day it employs about 10,000 workers, with a product valued at about \$40,000,000 annually. Importations have never been shown separately, but foreign competition exists and has been increasing as exchanges have gone down. The increase has come chiefly from Czechoslovakia, Germany, and Austria. The domestic industry tried to build up an export trade with South America, but with the extreme break in prices it came to a disastrous end.

Rates suggested.—The rate on silk knitted outerwear, page 135, line 17 of the House bill, should be increased from 40 to 50 per cent ad valorem on American valuation.

At the hearings before the Ways and Means Committee two things were requested: (1) A separate classification for knitted outerwear, and (2) a protective rate necessarily higher than the rate given to hosiery, underwear, etc. The higher rate is required because knitted outerwear are articles of fashion in the manufacture of which overhead costs, due to the necessity of carrying large stocks and many colors, are high; because of greater selling expenses; because of the advantage of the foreigner in having low overhead, etc.; and because silk knit outerwear is a luxury. It was obviously an inadvertence that a higher rate was not granted by the House, for without such a difference there would be no object in providing a separate classification for silk outerwear, knit or crocheted. In the case of woolen knitted outerwear, paragraph 1115, a duty higher than that on underwear was given.

Further recommendations: In paragraph 1208, page 135, line 5, after the word "and," insert the word "all"; strike out the word "goods" and insert the word "articles"; after the word "crocheted," insert the words "wholly or in part."

PARAGRAPH 1209.—SILK HANDKERCHIEFS AND MUFFLERS.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Frederick F. Kip, representing the Salts Textile Manufacturing Co., Bridgeport, Conn.

Hearings: Pages 3803-3813.

Rates suggested.—The duty on woven silk handkerchiefs and mufflers not hemmed, House bill, page 135, line 20, should be increased from 33½ to 40 per cent ad valorem on American valuation, and on those hemmed or hemstitched, from 40 to 46½ per cent ad valorem on American valuation.

PARAGRAPH 1210.—SILK AND ARTIFICIAL SILK SHIRT COLLARS.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. F. F. Kip, representing the Salts Textile Manufacturing Co., Bridgeport, Conn.

Hearings: Pages 3803-3813.

Rates suggested.—The ad valorem duty on silk shirt collars, House bill, page 135, line 23, should be increased from 20 to 25 per cent on American valuation.

PARAGRAPH 1211.—SILK SHIRTS AND ARTIFICIAL SILK SHIRTS AND SHIRT COLLARS FOR MEN AND BOYS.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. F. F. Kip, representing the Salts Textile Manufacturing Co., Bridgeport, Conn.

Hearings: Pages 3803-3813.

Rates suggested.—The duty, House bill, page 136, line 2, should be increased from 40 to 46½ per cent ad valorem on American valuation.

PARAGRAPH 1212.—WEARING APPAREL NOT KNIT OR CROCHETED.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Frederick F. Kip, representing the Salts Textile Manufacturing Co., Bridgeport, Conn.

Hearings: Pages 3803-3813.

Rates suggested.—The duty, House bill, page 136, line 8, should be increased from 40 to 96½ per cent ad valorem on American valuation.

PARAGRAPH 1213.—MANUFACTURES OF SILK, N. S. P. F.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. F. F. Kip, representing the Salts Textile Manufacturing Co., Bridgeport, Conn.

Hearings: Pages 3803-3813.

Rates suggested.—The duty, House bill, page 136, line 13, should be increased from 35 per cent to $41\frac{1}{2}$ per cent ad valorem on American valuation.

PARAGRAPH 1215.—ARTIFICIAL SILK, AND MANUFACTURES OF.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Frederick F. Kip, representing Salts Textile Manufacturing Co., Bridgeport, Conn.

Mr. Fred Mayer, representing Knitted Outerwear Association.

Mr. Albert L. Waitzfelder, representing Braid Manufacturers' Association, 328 Fourth Avenue, New York City.

Mr. Roland L. Taylor, representing Munford, Hunton, Wilhang, and Anderson, and the Tubize Artificial Silk Co. of America, Philadelphia, Pa.

FAVORING LOWER DUTIES:

Albert Eckstein & Co. (Brief.)

Hearings: Pages 3803-3813.

Witness: Mr. F. F. Kip, representing Salts Textile Manufacturing Co.

Rates suggested.—The ad valorem minimum provision of 23 per cent on American valuation upon artificial silk yarn, House bill, page 137, line 7, should be increased to 28 per cent; the ad valorem duty upon artificial silk manufactures, House bill, page 137, line 10, should be increased from $37\frac{1}{2}$ to $41\frac{1}{2}$ per cent on American valuation.

Hearings: Pages 3861-3863.

Witness: Mr. Fred Mayer, representing Knitted Outerwear Association.

Costs and selling prices.—In making knitted artificial silk sweaters and other outerwear, German conversion costs are about one-fifth American. (See p. 3659 for statement as to conversion costs and placing total domestic cost at \$7.45 per pound as compared with \$2.97 in Germany.)

Rates suggested.—The compensatory duty of 45 cents per pound upon manufactures of artificial silk, House bill, page 137, line 9, should be increased from 45 to 70 cents per pound; the protective ad valorem duty of $37\frac{1}{2}$ per cent thereon, House bill, page 137, line 10, from $37\frac{1}{2}$ to 60 per cent, on American valuation.

The reason for the requested increase in the compensatory duty is that, assessed upon American valuation of 23 per cent, the duty upon artificial silk yarn amounts, at the present price of \$2.75 per pound, to 63 cents per pound, and 10 per cent waste in production would increase the necessary compensatory duty to 70 cents per pound.

Hearings: Page 3654.

Witness: Mr. A. L. Waitzfelder, representing Braid Manufacturers' Association.

Rates suggested.—The com-
artificial silk, House bill, par
ty upon manufactures of
should be increased from

45 to 70 cents per pound, because at present prices the 23 per cent American valuation upon artificial silk yarn amounts to 63 cents per pound, which, allowing for waste in manufacture, amounts for full compensation to 70 cents per pound.

Hearings: Pages 3863-3869.

Witness: Mr. R. L. Taylor, representing interests as above.

Costs and selling prices.—See Ways and Means Committee Hearing for tables presented by the witness showing actual labor costs in Switzerland, Belgium, France, and Hungary.

The costs of raw material for making artificial silk yarns are about 10 per cent lower in Europe than here.

Size of industry.—The present artificial silk yarn producing capacity of the United States is probably 16,500,000 to 17,000,000 pounds. The Tubize Artificial Silk Co. of America, represented by the witness, started manufacture a short time ago at Hopewell, Va.; it has so far attained a production of about 60 per cent of the amount desired. It now employs 2,000 workers and turns out about 6,000 pounds of yarn per day.

Imports increased for 1,667,000 pounds for the first 10 months of 1920 to 3,475,000 pounds for the first 10 months of 1921.

Comparability.—American A quality yarn is probably the best made in the world. Imported B and C quality yarns are no better than American yarn of the same quality.

Rates suggested.—The specific rate on single artificial silk yarns, required to cover the present differences in cost of manufacture here and in Europe, should be 85 cents per pound; on ply yarns 5 cents per pound more. The ad valorem catchall should be 38½ per cent on American valuation or 55 per cent on foreign valuation.

France, one of the largest artificial silk producing countries and one of the largest sources of American imports, has a duty of 22.5 francs per kilo upon artificial yarn, a duty equivalent, at present exchange rates, to about 80 cents, while the American duty on the same basis is only 30 to 40 cents.

Witness: Albert Eckstein & Co. (Brief; no appearance at hearings.)

Rates suggested.—In lieu of the same rates as on yarn made from artificial silk or artificial horsehair, as provided in H. R. 7456, a separate bracket should be inserted to cover yarns made wholly or in chief value of artificial silk waste or sliver carrying a duty of 35 cents per pound for singles and 40 cents per pound for ply yarns. In support of this request, it is stated that while artificial silk yarn of 150 denier size sells for \$2.75 per pound upon the American market, the corresponding size made from silk waste or sliver sells for only \$1.75 per pound. Paragraph 1215 as amended by Albert Eckstein & Co. follows:

Yarns, threads, filaments, and lame, of artificial or imitation silk, or of artificial or imitation horsehair, by whatever name known and by whatever process made, if singles, 45 cents per pound; if tram, 50 cents per pound; if yarns made wholly or of chief value of artificial silk waste or sliver; if singles 35 cents per pound; if two or more ply, 40 cents per pound: *Provided*, That none of the foregoing shall pay a less rate of duty than 23 per centum ad valorem. Knit goods, ribbons, and other fabrics and articles composed wholly in chief value of any of the foregoing, 45 cents per pound, and in addition thereto 37½ per centum ad valorem.

SCHEDULE 13.—PAPERS AND BOOKS.**PARAGRAPH 1301.—PRINTING PAPER, NOT SPECIFICALLY PROVIDED FOR.**

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Gillett Collins, representing the Book Paper Manufacturing Association, Philadelphia, Pa.

Hearings: Pages 3887–3888.

Costs and selling prices.—The average price of book paper is \$150 per ton. The witness has a quotation from Belgium 50 per cent below American cost price. It costs no more to get a shipment from London or Belgium than it does to ship from Philadelphia to New York.

Size of industry.—Statisticians of paper industries state that there is enough book-paper capacity in the country to supply all needs until 1928. As the increase in consumption is about 8 per cent per year, the industry will need all the trade it can get in this country.

Comparability.—Printing or book paper is imported from Scandinavia, Germany, and a little from England. Germany has a large capacity for producing book paper.

Rates suggested.—One-half cent per pound and 10 per cent ad valorem. The witness emphasizes the necessity for some protection besides the duty that can be put on, because nothing that can be named would offset the exchange.

PARAGRAPH 1302.—WALL BOARD.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. W. F. MacGlashan, representing The Beaver Board Co., Buffalo, N. Y.

FAVORING LOWER DUTIES:

Mr. W. G. Saville, representing the Plaster & Wall Board Co., Buffalo, N. Y.

Hearings: Pages 3892–3897.

Witness: Mr. W. F. MacGlashan, representing the Beaver Board Co.

Costs and selling prices.—The prewar price of beaver board, \$24 per 1,000 square feet, has risen to \$28.

Size of industry.—The production of wall board last year, 1920, amounted to a little over 1,000,000,000 square feet.

Rates suggested.—Beaver board to be placed on the free list, under building materials, in the same class with lumber and laths.

The reasons for asking this are, first, that, although practically all of this material is produced by American manufacturers, the raw material in the form of fiber is imported from Canada. Second, the need of conserving American pulp-producing forests, which are rapidly becoming exhausted. The total price paid for labor in Canada for putting the raw material into rolls does not exceed \$5 per ton. The third reason is that the free importation of this raw material, or semifinished raw material, for the manufacture of wall board will

not injure any American industry. On the other hand, the placing of a duty on wood pulp in rolls for use in the manufacture of wall board will increase the price of wall board to the American public.

Hearings: Pages 3968-3971.

Witness: Mr. W. G. Saville, representing the Plaster & Wall Board Co.

Size of industry.—Wood fiber wall board was first manufactured in America 15 years ago. The output has increased rapidly to a present total of about 430,000,000 square feet annually.

Comparability.—There is no danger of importation of pulp board from Germany, Scandinavia, and other low-exchange countries, none of their mills being equipped to manufacture in the required thickness. Then, too, ocean transportation is impracticable for rolls of the prevailing dimensions.

Rates suggested.—Pulp board used exclusively in the manufacture of wall board to be admitted free of duty. A brief supplementing the oral testimony contains suggestions for amendments of paragraph 1302. No American manufacturers of wall paper, owning their own wood-pulp mills and using American timber, require protection, as they are now underselling manufacturers who import the raw material from Canada.

Remarks.—Wall board is used chiefly as a substitute for laths and plaster in building the cheaper homes in agricultural and mining sections. It is particularly a poor man's material.

PARAGRAPH 1302.—PAPER AND PULPBOARD.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

The John Strange Paper Co., Menasha, Wis. (Brief, no appearance at hearings.)

The brief refers to the writer's predictions that free pulp and paper would result in higher cost of paper to consumers, and desires protection for these products.

Rates suggested.—One cent per pound, or 25 per cent ad valorem.

PARAGRAPH 1304.—TISSUE PAPER.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. N. H. Bussey, jr., representing tissue-paper manufacturers.

Hearings: Pages 3900-3901.

Rates suggested.—The wording of paragraph 1304 to be changed, as under the present wording various grades of paper might be brought in under other paragraphs at a lower rate of duty. Also, the division of weights should be carried farther so as to include the heavier India and Bible papers, but at a lower rate of duty, by inserting the words "If weighing over 12½ pounds and less than 18 pounds, to the ream, 4 cents per pound and 15 per centum ad valorem." Under paragraph 1304 the rate would be either 6 or 5 cents per pound and 15 per cent ad valorem.

PARAGRAPH 1305.—PAPERS WITH COATED SURFACE.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Louis T. Stevenson, representing glassine and grease-proof paper manufacturers.

Hearings: Page 3902.

Rates suggested.—The manufacturers desire the rates given in the House bill, which they think are fair; information in their support is given in a brief, included in the American Paper and Pulp Association's brief.

PARAGRAPH 1305.—GLAZED AND FANCY PAPERS.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. I. O. VanDuzer, representing glazed and fancy paper manufacturers.

Hearings: Pages 3902-3903.

Costs and selling price.—The ordinary value of paper in 1912 was \$1.05 per ream; the same papers are quoted to-day, from abroad, at \$3 per ream, or about three times the 1912 price.

Rates suggested.—Owing to this increase in value, it is necessary to have a rate of 9 cents per pound to equalize conditions. The present rates of 5 cents a pound, and 5 cents and 20 per cent ad valorem, were based on the earlier value. With a tariff permitting it, manufacture is carried on; otherwise, paper is imported.

Under the 1913 act, carrying a duty of 20 per cent ad valorem, large quantities were imported. The 40 per cent duty of the Underwood bill did not protect the industry.

PARAGRAPH 1305.—VEGETABLE PARCHMENT.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. J. M. Dohan, representing vegetable-parchment manufacturers.

Hearings: Pages 3903-3906.

Costs and selling prices.—The witness formerly made "waterleaf" at 5 cents per pound and sold the paper anywhere from 8 to 9 and 10½ cents. Now, "waterleaf" is made at a cost of 9.5 cents and sold at 17 cents.

Size of industry.—The American industry is in a precarious condition, as shown by the fact that out of 27 establishments only 5 survive today. Home competition and fear of foreign competition make it necessary to keep prices low enough to keep out the foreign product.

Comparability.—Germany is in a position to sell goods in this country at any time. The threat of foreign competition reduced the price of paper from 27 cents in 1885 to 7.8 cents in 1914.

Rates suggested.—An addition of 2 cents to the specific rate in the bill. In paragraph 1304, filtering and copying paper are set down at 4 cents a pound, and in paragraph 1309, at 6 and 5 cents a pound respectively. These rates are "fairly analogous" to the paper

manufactured by the witness. The rate on certain papers should be 5 cents a pound and 15 per cent ad valorem.

There is a fundamental difference between the imitation parchment and the genuine parchment manufactured by the witness. One is a single process and the other a double process.

PARAGRAPH 1305.—PAPER BAGS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR LOWER DUTIES:

Mr. Samuel Kraut, representing the Adolph Kraut Company, New York.
 Thomas M. Royal & Co., Bryn Mawr, Pa. (Brief.)
 The Continental Paper and Bag Mills, New York City, N. Y. (Brief.)

Hearings: Pages 3906-3910.

Witness: Mr. Samuel Kraut.

Costs and selling prices.—The American manufacturer is charging \$6.30 for white bags, \$7.80 for colored, other than red, and \$8.60 for red. These prices represent an increase of 200 to nearly 300 per cent over pre-war, and are grossly disproportionate to the increase in the price of paper and cost of labor. The difference in cost between white and red is 8 cents per pound, or 64 cents more per thousand red bags than for the white bags. The manufacturer charges the customer \$2.50 more for the red bags, representing a profit, based on difference of color, of \$1.66 on an investment of 64 cents—over 250 per cent. These high prices are due mainly to the Paper Bag Trust fixing the wholesale rate.

Rates suggested.—A duty of 3 cents a pound. Under the bill, the duty on 1,000 white bags would be \$2.43½; on colored bags, \$2.70½; and on red bags \$2.86. Various changes in paragraph 1305 are suggested; see page 3910.

Remarks.—Price list of bags of various firms will be found on pages 3907-3908.

Witness: Thomas M. Royal & Co., Bryn Mawr, Pa. (Brief; no appearance at hearings.)

The firm is unaware of any bags ever having been imported into this country other than duplex bags—made of two thicknesses of paper. Consequently, a proposal of which the firm has been informed, to insert the word “unlined” before “bags,” would absolutely defeat the object of the paragraph.

An attempt has also been made to have paper bags brought in under manufactures of papers, n. s. p. f., at 26 per cent ad valorem. Either of these changes would compel the firm to seek a new line of business, after originating this type of bag in this country more than 20 years ago. Large quantities of imported duplex bags are now being offered in New York at prices considerably less than the firm's cost of manufacture.

In a later communication the firm again refers to the efforts then being made to have duplex paper bags put on a lower tariff basis than that in H. R. 7456, and repeats the assertion that no unlined bags have ever been imported into this country. The effect of a successful issue to these efforts, throwing duplex or lined bags into the class of “manufactured paper goods,” would be to prevent the firm, employing 300 persons, from competing with Germany.

Witness: The Continental Paper and Bag Mills, New York City. (Brief; no appearance at hearings.)

The company takes the view that a serious and apparently inadvertent omission in H. R. 7456 leaves the paper bag industry entirely without protection.

Paragraph 1305 refers entirely to bags made from highest class papers, leaving ordinary plain paper bags unprotected. These are made from so-called bag paper, akin to wrapping paper, and have been protected in previous tariff acts. There should be equal protection for these bags, plus an adequate allowance for the important conversion process to which the paper has to be subjected.

The product of this industry is about \$50,000,000 and nearly 10,000 persons are employed.

PARAGRAPH 1305.—WRAPPING PAPER.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Abram H. Cohen, representing the Republic Bag & Paper Co.
The Safepack Mills, Boston, Mass. (Brief.)

Hearings: Pages 3943-3945.

Witness: Mr. Abram H. Cohen.

Costs and selling prices.—The current price of Kraft wrapping paper is \$150 a ton. The cost of labor per ton of paper is from \$15 to \$30, according to the thickness and weight of the paper, the speed of the machine, the condition and age of the paper machine, etc. Labor, therefore, receives from 10 to 15 per cent of the cost of the finished paper, and should be protected to that extent.

Size of industry.—In 1922 domestic paper mills manufactured approximately 1,200 tons of Kraft paper per day. The total importations of wrapping paper in September, 1920, were 387 tons; in September, 1921, 402 tons; in October, 1920, 185 tons; and in October, 1921, 500 tons, or about 1 per cent of the total amount of wrapping paper manufactured in this country. The exports from the United States were, in October, 1921, 1,717 tons; in October, 1920, 2,188 tons; in September, 1921, 837 tons; and in September, 1920, 2,140 tons. These figures make the imports of September and October, 1920, equal to 13 per cent of the exports of the same grade of wrapping paper; and the imports of September and October, 1921, about 60 per cent of the American manufactures of wrapping paper. To-day there are over 35 mills with a production of about 1,500 tons a day, protected by a duty of 25 per cent ad valorem.

Comparability.—Imports of wrapping paper come from Canada, Scandinavia, Germany, Czechoslovakia, Austria, and Jugoslavia. The witness stated that he represented several mills in Scandinavia, Czechoslovakia, and Germany. The company exports to Cuba, Central and South America, Australia, and to a small extent, to Africa.

Rates suggested.—The present rate of duty is more than ample for protection. The duty of 23 to 25 per cent should be the maximum, because wrapping paper making is mostly a mechanical process. The American mills that are now asking for increased protection, for fear of European mills, advanced their prices 10 per cent in September, 10 per cent and 10 per cent in November, 1921.

Witness: The Safepack Mills, Boston. (Brief; no appearance at hearings.)

The brief takes exception to the wording of paragraph 1305, which, probably unintentionally, would include ordinary wrapping paper, having striped or parallel lines, as samples inclosed. It is pointed out that this is not "fancy" or "decorated" paper, but ordinary wrapping paper, costing no more than paper without the stripes. Consequently, the duty should be no higher than for the latter.

It is suggested that the addition of the words "including paper with striped parallel lines produced in the pulp," would correct this obvious, though hidden, error.

PARAGRAPH 1305.—PHOTOGRAPHIC PAPER.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Nelson Curtis, representing himself (a practical paper maker).

Mr. Thomas W. Stephens, representing the Ansco Co., New York City.

Hearings: Pages 3911-3913.

Witness: Mr. Nelson Curtis.

Size of industry.—There are about four individual companies in this country manufacturing photographic and raw paper. The Eastman Kodak Co. produced something like \$2,000,000 or \$2,500,000 worth of products in 1920. The investment of the Eastman Kodak Co. in raw paper amounts to between \$4,000,000 and \$5,000,000.

Rates suggested.—A protection of at least 30 per cent (5 per cent less than the McKinley rate) arranged so as to contain a specific and an ad valorem duty, as in the bill, should be maintained.

Remarks.—The witness stated that, after four years' experimenting, his company produced a satisfactory paper in 1895, and is now engaged in the making of raw photographic paper. One of the inducements to go into this line of business was the protection of 35 per cent ad valorem in the McKinley bill, 1890—a year before he began experimenting. A good business was done up to 1913. The tariff act of that year cut the rate to 15 per cent ad valorem, and underselling set in; then came the war, serving as a protective tariff, and now, again, foreign competition prevails. The witness submitted briefs prepared by the Eastman Kodak Co. and the American Photograph & Paper Co.

Hearings: Pages 3915-3917.

Witness: Mr. Thomas W. Stephens, representing the Ansco Co.

Rates suggested.—Plain basic paper (raw photographic paper), free; baryta-coated paper for sensitizing, free. (If a duty for revenue is considered necessary on these items, the witness requests that it be not more than 10 per cent ad valorem.) Sensitized paper, 30 per cent ad valorem—an increase of 5 per cent over the proposed rate.

Remarks.—Mr. Stephens requests that plain basic paper and baryta-coated paper for sensitizing be placed on the free list because they are the raw material for the manufacturer of sensitized paper, a regular and dependable supply of which is not available from domestic paper makers. He states that the Eastman Co. has a large mill for manufacturing this paper, but that the independent

companies are dependent for their supplies on foreign sources. The placing of these items on the free list would not seriously affect domestic paper manufacturers, as there appears to be none manufacturing a paper suitable for the finest quality of photographic prints, and the Eastman Co. would not need protection, as the foreign paper, under the present tariff, costs as much as, and at times more than, that made here. A duty on this paper would be favorable to the Eastman Co. alone, and detrimental to the smaller competing concerns who are dependent on the foreign supply.

Sensitized paper should bear a higher duty than that proposed, as it is a finished article, while the plain basic paper and the baryta-coated paper are part of the raw material entering into it. Besides, the raw materials for making photographic emulsion are subject to substantial duties. Under the present tariff of 25 per cent, foreign manufacturers have been able to sell their product freely here when equal to the domestic.

PARAGRAPH 1305.—WET TRANSFER PAPER.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Philip Bock, representing, as international president the Amalgamated Lithographers of America.

Hearings: Pages 3932-3936.

Rates suggested.—The 30 per cent ad valorem rate is regarded as absolutely insignificant. At the present time great unemployment exists in the lithographic industry, due to the importation of impressions from original art work upon transfer paper, from which numbers of impressions are printed in this country. This art work alone would cost something like \$5,000 in the case of an original picture exhibited by the witness.

Remarks.—In a filed brief, the represented interest is described as a labor organization, with a membership of over 9,000 workmen, representing 60,000 persons engaged in, and dependent upon, a wholly domestic industry, the exports of lithography being negligible. Lithography, it is claimed, ranks among the fine arts, such as sculpture and painting. The brief disclaims any desire to prohibit entirely the importation of lithographic works of art; its purpose is to persuade Congress to enact a law enabling a highly skilled lithographic workman to earn commensurate wages and to admit of a reasonable profit from the labor invested in the business.

PARAGRAPH 1305.—DECALCOMANIA.

WITNESS, AND INTEREST REPRESENTED.

REQUESTING RECLASSIFICATION:

The Croxall Chemical & Supply Co., East Liverpool, Ohio. (Brief; no appearance at hearings.)

As users of decalcomania transfer sheets in the pottery industry, the company shows, by samples, that for similar production the price

of English sheets would be 44 cents as against 35 cents for domestic. Under present tariff rates, there is no competition between the two sheets. The proposed duty would impose an unjust burden on the American potter, who is now using a large quantity of the English high-class sheets, having drifted away from the cheap, gaudy sheets of German manufacture.

Rates Suggested.—The proposed duty should apply only to sheets costing less than 14 cents at port of entry. The present duty should be retained on the high-class English sheets.

PARAGRAPH 1305.—VULCANIZED FIBER.

WITNESS, AND INTEREST REPRESENTED.

REQUESTING RECLASSIFICATION :

The Diamond State Fibre Co., Bridgeport, Pa. (Brief; no appearance at hearings.)

The company would have a separate classification for this material, other than manufacturers of paper n. s. p. f. at 26 per cent ad valorem. This material is manufactured by a chemical process for paper and passes through an acid bath on a drum, yielding a homogeneous laminated mass in sheets of various thicknesses. A duty of 26 per cent is not sufficient to shut out imports from Germany and Japan; there should be a specific duty on vulcanized fiber of not less than 8 or 10 cents per pound.

PARAGRAPH 1305.—GUMMED PAPERS AND DECALCOMANIA PAPER NOT PRINTED.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES :

Gummed paper manufacturers. (Brief; no appearance at hearings.)

The interested manufacturers had already pointed out, in a brief submitted to the Ways and Means Committee, that the Underwood tariff duty of 35 per cent on gummed papers was not sufficient to give adequate protection to American manufacturers. The war, by preventing the importation otherwise possible, saved the American industry from disaster.

Rates suggested.—In asking for a specific duty of 6 cents per pound and 30 per cent ad valorem, the manufacturers make no demand for a prohibitive tariff, but merely the necessary counterbalance to low foreign cost of production. The following comparative table of weekly wages in the industry is cited in support of this view :

	England.	Germany.	United States.
Gummer.....	\$17.50	\$3.50	\$37.00
Calenderman.....	14.00	3.50	34.00
Cutter.....	15.15	3.50	31.50

Other tables show the actual results derivable from a 5-cents-per-pound specific rate, without an additional ad valorem rate, as in H. R. 7456. This works out, in the case of decalcomania paper, to even greater disadvantage to the American manufacturer than in the case of gummed paper.

PARAGRAPH 1306.—LITHOGRAPHIC PICTURES, BOOKS, BOX COVERS, SOUVENIRS, ETC.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Maurice Saunders, representing the Lithographic Employers' Association, New York City.

Hearings: Pages 3917-3929.

Costs and selling prices.—The actual cost in America of lithographing, the work of putting the various colors on stone, as taken from the association's records, is from \$300 to \$400. The transferring of 1,504 square inches of labels, taken as a sheet ready to print, is from \$30 to \$35. The cost of printing, on an edition of 6,000 to 12,000 sheets, is \$8.50 per 1,000 sheets. The embossing of these labels costs 50 cents per 1,000. The metal disks used to raise the gold and other portions of the disks cost from \$15 to \$20 for the simpler plates; the more intricate cost even more. The cutting of cigar bands costs 8 cents per 1,000. The witness cited a German quotation on 25,000 sets of "in and out" labels at \$11 per 1,000. The identical labels, without profit, would cost \$29.04 per 1,000 in America. Other quotations include one at \$9 that would cost the witness's firm \$20.30, and another at \$8 that would cost \$15.88. Differences in labor and material costs make such quotations possible.

Size of industry.—There are about 50,000 people engaged in the lithographic industry in America. The work is of a high type and pays a high wage accordingly.

Comparability.—The witness regards the situation in Germany as being possibly temporary, but his firm is perfectly willing to take a chance on the future. Large additional quantities of German goods are being sold in this country and that competition will have to be met.

Rates suggested.—Double the rates of the Payne-Aldrich bill instead of the Payne-Aldrich rates carried in H. R. 7456. Even this doubled rate will not equalize the difference in labor charge alone. The present average wage for skilled lithographers in the United States is \$43.50 per week, while at the present rate of exchange it is \$3 per week in Germany. Various amendments in paragraph 1306 are suggested.

Remarks.—The Underwood Act reduced the rate in one bracket from 8½ cents to 5 cents per pound, and importations increased from 245,000 pounds in 1913 to 1,331,000 pounds in 1914 and 1,740,000 pounds in 1915. That is to say, the reduction from 8½ to 5 cents stimulated the importation in the first two years of the war from 245,000 pounds to 1,740,000 pounds.

PARAGRAPH 1306.—CIGAR LABELS, BANDS, ETC.

WITNESS.

FAVORING LOWER DUTIES:

Steffens, Jones & Co., New York City. (Brief.)

Hearings: Pages 3929–3932.

Comparability.—The brief includes the following comparative data on cost of production:

Sketches: Original sketch, American, \$20; German, \$23.

Lithographing: Putting on stone, American, \$85; German, \$95 to \$100.

Transferring 1,504 square inches labels: American, \$4.25; German, \$2.73.

Printing 1,000 sheets (2,604 square inches), American \$1.27½; German, \$1.23¾.

Embossing labels: 1000 labels, American, 12½ cents; German, 66½ cents; original embossing plate, American, \$8.50; German, \$18.

Embossing bands: One-half sheet, 32½ by 48 inches, containing 846 bands, equivalent to 423 bands embossed at once in America; 40 bands only can be embossed at once in Germany against 423 in America.

Cutting: Cutting of 1,000 bands, American, 2 cents (500 labels are cut at once); German, 4½ cents (50 labels are cut at once).

The brief states that American lithographers sell their labels in Canada, Holland, England, and even in Germany in successful competition with the German goods. This could not be done if the cost of production were higher in America.

Rates suggested.—Cigar labels and flaps, printed in less than 8 colors and bronze, 10 cents per pound; bands, 15 cents per pound, instead of 15 and 20 cents as at present. Cigar labels and flaps printed in 8 or more colors and bronze, 15 cents per pound; bands, 20 cents per pound, instead of 20 and 25 cents as at present. Cigar labels and flaps printed in whole or in part of metal leaf, 30 cents per pound, instead of 35 and 40 cents as at present. (See also paragraph 1310, Lithographic products.)

PARAGRAPH 1307.—WRITING, LETTER, AND DRAWING PAPER.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Henry W. Stokes, representing the American Paper and Pulp Association.

Mr. W. J. Raybold, representing B. D. Rising Paper Co., and the Writing Paper Manufacturers' Association, New York City.

Hearings: Pages 3871–3886.

Witness: Mr. Henry W. Stokes, representing the American Paper and Pulp Association.

Size of industry.—During the past 10 years the United States has become the leading paper manufacturing country in the world. The maintenance of this leadership means maintaining in an effective way an industry whose product value in the United States exceeds annually \$1,000,000,000.

There are 818 paper and 322 pulp mills in the United States whose 1920 product was valued at about \$1,025,000,000. The capital invested in this industry is probably nearly \$1,000,000,000, as shown by the forthcoming census reports. The industry requires a larger initial investment in plant and machinery than any other with an equal value of product.

In 1909 the production of paper in the United States mills was 4,216,708 tons. In 1920 it was 7,334,614 tons. Paper or box board led with a tonnage of 2,313,449. Newsprint was second with 1,511,968 tons. Others in order are as follows:

Book, 1,104,464 tons; wrapping, 1,403,812 tons; fine papers, 389,322 tons; felts and building, 366,941 tons; tissue, 177,447 tons.

Book paper produced in 1920 was worth \$220,000,000.

Board was valued at over \$200,000,000. Newsprint was worth approximately \$150,000,000, and fine paper, though far less in tonnage, approximately the same value as newsprint.

The per capita production in all grades of paper is as follows: 1899, 57 pounds; 1904, 75 pounds; 1909, 93 pounds; 1919, 118 pounds; 1920, 138 pounds.

Comparability.—The difficulties confronting paper manufacturers lie in the competition from Scandinavian and German manufacturers who, with the advantages of depreciated currency, low wage conditions, and low standards of living, are able to make paper at a rate which American manufacturers can not approach. This situation, coupled with low freight charges from Europe to this country—it costs less to ship a ton of paper from Europe to New York than to ship a ton of paper across New York State—has made the situation of American paper manufacturers precarious in the extreme. Their market has been taken from them by European competition, in spite of the fact that America has the largest, fastest, and generally the most modern paper machinery in the world. When the German workman, for instance, is employed at a wage equivalent in purchasing power to about one-third of the wage paid in America, the situation of the American manufacturer is easily realized. The manufacturer feels that there must be some protection against competition, based upon the wide divergence in wages as between this country and Europe. The question of depreciated exchange is a difficult one, but a solution should be worked out to protect American industries.

Rates suggested.—A brief filed by the witness enters at length into the need of protection and classifies proposed rates in a statement covering pages 3873-3876.

Hearings: Pages 3936-3937.

Witness: Mr. W. J. Raybold, representing B. D. Rising Paper Co. and the Writing Paper Manufacturers' Association.

Rates suggested.—The rates in H. R. 7456 are entirely satisfactory. Paragraph 1307 to be changed so as to clarify the meaning and make it more adaptable to imported paper.

Remarks.—An exhibit sets forth a petition submitted at a hearing before the Committee on Ways and Means against an increase of duty on china clay or kaolin. At the same hearing representatives of domestic china clay producers requested an increase of duty to \$6 per ton. Annexed to the petition are letters from the Exford

Paper Co., S. D. Warren Co., the West Virginia Pulp & Paper Co., producers of considerable domestic book paper, urging that the duty be not increased; also, a letter from Bird & Son, East Walpole, Mass., manufacturers of low-grade paper, to the effect that the firm can not use English clay, as its price, compared with the domestic, is prohibitive. Bird & Son state they have been importing clay for over 30 years.

A brief from the association of American producers (Tariff Information, Series No. 5, 1921) states that there is no substitute for English clay in the better classes of paper; the fact that American manufacturers continue to pay duty for the English clay to such a large extent appears to confirm this statement. The price of English clay is given in the exhibit as \$14.65 per ton at American seaports. The cost of the higher grades runs up to \$20 per ton, based on par exchange of \$4.86.

The comparative prices given in the statistics of the American clay producers do not take into account that English clay varies in moisture content from 12 to 18 per cent, while domestic clay varies from 3 to 8 per cent, a difference of about 10 per cent.

The American clay producers recapitulate the bases of their request for a duty of \$6 as follows:

Present duty	\$1.25
Railroad freight advance to far northern points	2. 75
Minimum figure to offset the ballast ocean freight rate on foreign clay and the determined effort to drive the domestic industry out of business.....	2. 00
Total tariff asked	6. 00

The testimony of the American clay producers contains many references to a falling off of 60 per cent in their 1921 business.

There are approximately 10,000 men employed in the clay industry, at average wages running "all the way from \$2.50 to \$10 per day." The cost in the European clay industry is 60 per cent under that of the American.

The average importation of china clay from Europe to this country for the years 1910 to 1919, inclusive, was 220,808 tons per annum.

A letter from Mr. D. C. Morris, purchasing department, Oxford Paper Co. (p. 3946), states that if the duty on clay were increased to \$6 per ton his company's cost of manufacturing paper would be increased approximately to \$125,000, which would have to figure in the price of the manufactured product.

Mr. E. L. Young, purchasing agent, S. D. Warren Co. (p. 3947), states in a letter that his company must use English clay regardless of price; should the duty be increased, the additional expense would have to be passed on to the consumer.

Mr. Thomas Luke, vice president, West Virginia Pulp & Paper Co. (p. 3947), states that there is no objection to rates being raised on an even plane, but his company would object strenuously to a material increase in the duties on clay if nothing were done for the producers of paper. The company uses both domestic and English clay.

Mr. G. M. Graves, purchasing agent, Bird & Son (p. 3947), says that prices of English clay are still prohibitive compared to the domestic which they are using.

Mr. L. W. Bowmall, secretary, the Association of American Wood Pulp Importers, submitted briefs (see pp. 3948 to 3950, inclusive), in which the paper-stock and pulp-wood situation as relating to the paper manufacturer are discussed.

PARAGRAPHS 1309, 1313, AND 1640.—BRISTOL BOARD AND PRESSBOARD.

WITNESS.

FAVORING LOWER DUTIES:

Mr. John T. Wheelwright, Boston, Mass. (Brief.)

Hearings: Pages 3945-3946.

Remarks.—The brief maintains that an increase in duties on the finished products of the paper industry is not as important as the free entry or reduction of duties on paper stock, pulp, china, clay, etc., articles necessary for the manufacture of paper. The bill reported by the Ways and Means Committee this year has augmented many of these duties, particularly that on china clay, which it has raised from \$1.25 to \$2.50 a ton.

It is of vital importance to New England manufacturers that the items in paragraph 1640 be kept free of duty.

“Rag pulp; paper stock, crude, of every description, including all grasses, fibers, rags, waste, including jute, hemp, and flax waste, shavings, clippings, old paper, rope ends, waste rope, waste bagging, and all other waste, not specially provided for, including old gunny cloth and old gunny bags, used chiefly for paper making, no longer suitable for bags.”

Paper made from this stock has to compete with paper made of wood fiber by mills close to coal and timber lands; any appreciable advance in the cost of pulp made from this stock places the New England manufacturer at a great disadvantage. To keep the industry in New England it is necessary for the manufacturers not to be too unduly handicapped.

As to china clay, the particular reason why a duty on this is burdensome is that the American clay can not be satisfactorily used in many grades of paper. The brief refers to a supplemental brief of the John Richardson Co., filed with the Committee on Ways and Means, against an increase of duty on china clay or kaolin.

Touching wood pulp, reference is made to a pamphlet marked “B” in re Schedule M, paper and books, paragraph 649 of the free list, filed by the Association of American Wood Pulp Importers, which contains the arguments in favor of keeping such pulp upon the free list.

The brief also calls attention to paragraph 1309, in which “bristol board of the kind made on Fourdrinier machines” is given a certain rate of duty. It is suggested that the words “of the kind made on Fourdrinier machines” be omitted, thus putting all bristols without any doubt upon the same basis. In the United States fine bristol boards are made on Fourdrinier machines, but mostly on cylinder machines, and the boards made on the latter are similar in quality, texture, and use to those made on the Fourdrinier machines in other countries. It seems clear, therefore, that foreign bristols made on cylinder machines will be subject to the same rate of duty.

PARAGRAPH 1309.—HANGING PAPER.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Henry Burn and Mr. George Tait, representing the American Wall Paper Association.

Hon. J. S. Parker, a Representative in Congress from the State of New York.

Hearings: Pages 3937-3941.

Witness: Mr. Henry Burn, president, representing the American Wall Paper Association.

Comparability.—Increasing competition from Germany renders it necessary that a higher rate of duty be granted.

Rates suggested.—A rate of at least 3 cents per pound and an ad valorem rate of 20 per cent. A previous request for a duty of 25 per cent ad valorem was based on an expected 25 per cent reduction in wages, which has not materialized.

Remarks.—The association represents an industry which, during the war, was classified as nonessential and was subjected to restrictions of the severest kind. These restrictions not only made the business unprofitable, but it would have been annihilated had the war continued a few months longer. The industry, which ought now to be receiving the benefits of peace time, finds itself confronted with many difficulties instead of receiving the full benefits and protection that the Government can give.

Hearings: Pages 3941-3942.

Witness: Mr. George Tait.

In a brief, the witness states that there is possibly no other manufactured product whose first cost is so great as in wall-paper production—a one-season product. The brief supports the American valuation plan.

Hearings: Pages 3939-3940.

Witness: Hon. James S. Parker, a Representative in Congress from the State of New York.

Cost and selling prices.—American wall paper is quoted to-day (December, 1921), at 18 cents per roll, while similar wall paper from Germany is being laid down here at less than 3 cents per roll.

Size of industry.—The American wall-paper industry produces from \$25,000,000 to \$30,000,000 annually.

Comparability.—The greatest competitors in the wall-paper industry are the Germans, who enjoy a tremendous advantage in cheap labor, longer working hours, and abnormal, favorable rates of exchange. These advantages could very easily ruin the American industry by capturing the American market unless some preventive measure is passed.

Rates suggested.—Briefs presented in the association's interest favor a designation by itself for the industry's product and suggest that it be made to read as follows:

Hanging paper, not printed, lithographed, dyed, or colored, 10 per centum ad valorem. Paper hangings, printed, lithographed, dyed, or colored, 3 cents per pound and 20 per centum ad valorem.

Remarks.—There is probably no other manufactured product whose first cost is so great as in wall-paper production; it is a one-season product, requiring a brand new offering each year. The greater part of the work is done by skilled labor, employed on a 50-week basis, with a guaranty of 45 full weeks' and five half-weeks' pay, whether the plant operates full time or not. These men earn on straight time wages from \$43 to \$50 per week and for overtime work time and one-half pay. The wages paid even in prewar years were from three to five times greater than those paid by German competitors. With the depreciated German mark of to-day comparison of wages is not possible.

PARAGRAPH 1309.—WRAPPING PAPER.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. M. E. Marcuse, representing wrapping-paper manufacturers, Richmond, Va.

Wrapping Paper Manufacturers. (Brief.)

Hearings: Pages 3942-3943.

Witness: Mr. M. E. Marcuse.

Size of industry.—The wrapping-paper industry represents about 154 manufacturers who turn out annually about 1,403,000 tons of wrapping paper. They employ about 35,000 people, and have a capital of over \$140,000,000.

Comparability.—There is a large importation of wrapping paper, and American manufacturers fear that the Kraft paper made in Scandinavia, Finland, and in Germany will come in. Importations from Canada are negligible.

Rates suggested.—The rate to be raised from 23 to 30 per cent ad valorem.

Remarks.—Wrapping paper is made chiefly out of wood.

Witness: Wrapping Paper Manufacturers. (Brief; no appearance at hearings.)

Rates suggested.—The brief requests an increase in duty from the 23 per cent ad valorem proposed in H. R. 7456 to 30 per cent.

In the past the price of imported wrapping paper c. i. f. Atlantic ports has ranged from 65 to 70 per cent of the market price of similar American papers, but it is now being freely offered c. i. f. New York at 56 per cent of that price. The rate of 30 per cent now asked for would therefore still leave a margin in favor of foreign manufacturers, this being regarded as a temporary condition.

Foreign Kraft paper is being freely offered for \$67 per ton, the American price being \$120, so that, even with a 30 per cent duty, the foreigner would still have an advantage of \$17 per ton. Kraft is the standard wrapping paper of this country.

PARAGRAPH 1310.—BOOKS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Charles E. Graham

Mr. F. J. Belaire, ,
binders, Washing

himself and 11 other concerns.

International Brotherhood of Book-

FAVORING PROPOSED OR HIGHER DUTIES—Continued.

Mr. Edward F. McGrady, representing American Federation of Labor, Washington, D. C.

Mr. Daniel S. Brassil, representing employing bookbinders of America, New York, N. Y.

Mr. Alfred E. Ommen, representing the United Typothetæ of America.

Mr. Maurice Saunders, representing Lithographers Employers' Association, New York, N. Y.

FAVORING LOWER DUTIES:

Mr. Herman Tapke, representing Fred Pustet Co. (Inc.) and other importers, Brooklyn, N. Y.

Mr. John Macrae, representing National Association of Book Publishers, the E. P. Dutton Co., and the American Bookbinders' Association, New York, N. Y.

Mr. M. L. Raney, Johns Hopkins Hospital, representing 40 educational institutions; and himself, as importer.

Dr. A. S. W. Rosenbach, representing the Free Library of Philadelphia and book trade of the United States, Philadelphia, Pa.

The Charles E. Lauriat Co., Boston, Mass. (Brief.)

The American Library Association, Chicago, Ill. (Brief.)

The Trustees of the New York Public Library. (Brief.)

The Krauth Memorial Library. (Brief.)

Mr. Charles F. Amidon, Fargo, N. Dak. (Brief.)

The Board of Trade of the American Booksellers' Association. (Brief.)

Hearings: Pages 3951-3953.

Witness: Mr. Charles E. Graham, representing himself and 11 other concerns.

Rates suggested.—A clause in paragraph 1310 reads: "Books of paper or other material for children's use, printed lithographically or otherwise, not exceeding in weight 24 ounces each, with more reading matter than letters, numerals, or descriptive words, 20 per centum ad valorem." It is pointed out that this clause covers nearly all toy books, and leaves the toy paragraph 1414, in which toy books are placed by being taken from the lithographic schedule, practically inoperative, so far as toy books are concerned. The interests represented ask, therefore, for the entire elimination of the above clause from paragraph 1310, and the rewriting of the toy-book clause in toy paragraph 1414, as requested by the Toy Manufacturers' Association. Paragraph 1414, as it now stands and changed as suggested, will be found on page 3953.

Hearings: Page 3965.

Witness: Mr. Felix J. Belaire, representing the International Brotherhood of Bookbinders.

Rates suggested.—The members of the brotherhood feel that the inadequate tariff on imported bound books places them at a disadvantage, as wages are much lower in foreign countries than in America. They ask that this be taken into consideration, especially as these books are given the foreign and not the American valuation. A brief submitted covers points at greater length.

Hearings: Page 3965.

Witness: Mr. Edward F. McGrady, representing the American Federation of Labor.

Rates suggested.—Referring to the duty on imported books, the witness states that a duty should be placed upon all binding and, in the case of old books, upon the bindings rather than upon the books themselves. The federation is in favor of American valuation, based upon the wholesale selling price in America.

Hearings: Pages 3966-3968.

Witness: Mr. Daniel S. Brassil, representing employing bookbinders of America.

Size of industry.—In 1920, Bensinger, in New York, printed and bound 5,000 copies of a Catholic missal, which was very satisfactory.

Comparability.—American publishers send books abroad to be bound, at a cost of \$1.25 per volume, instead of paying \$1.95 in America, this difference being due to labor. The books are then returned to America, to be sold at a lower price than those bound here. Some New York booksellers have men in England scouring the country for books over 20 years old. These books they have bound and then send them to America duty free, as they are more than 20 years old.

Rates suggested.—The rate to be as stated in the bill: 35 per cent or, if possible, increased to 50 per cent to cover extra binding. The binding can be done as well in America as in foreign countries, but must have protection to prevent the work from being sent abroad. Protection is desired on religious and educational as well as on ordinary books. It is suggested that the wording in regard to old books be changed to read "books printed and bound more than 20 years."

Hearings: Pages 3968-3970.

Witness: Mr. Alfred E. Ommen, general counsel for the United Typothetae of America.

Size of industry.—Speaking for the employing printers of America, the witness stated that almost 500,000 persons are employed in the industry, producing about \$1,000,000,000 annually.

Comparability.—While employees receive good wages, in a well-established industry, they have to compete with much lower wages and longer hours abroad. The witness referred to the thousands of books not made at all in this country, it being so much cheaper to send the plates to the other side and have them printed and bound. Official figures of weekly time rates in 27 towns in Great Britain, in December, 1920, for hand compositors, book and jobbing work, show \$17.40 as against \$50 in New York City. In France, in a number of cities, bookbinders receive from 35 cents to \$1.53 a day, based on current exchange.

Rates suggested.—The association adheres to its former request for a duty of 50 per cent ad valorem.

Hearings: Pages 3917-3929.

Witness: Mr. Maurice Saunders, representing Lithographic Employers' Association.

Rates suggested.—Double the rates provided in the Fordney bill to all items in paragraph 1310. Even that will not completely equalize the German advantage over domestic; the association does not expect any advantage.

Remarks.—A brief filed by the witness (pp. 3925-3929) discusses the proposed rates in comparison with those under the act of 1909. The interest represented by the witness is also referred to under paragraph 1306.

Hearings: Pages 3953-3958.

Witness: Mr. Herman Tapke, representing the Fred Pustet Co.

Cost and selling prices.—Religious books used in Roman Catholic churches and other Catholic institutions, are imported annually from foreign countries as follows: Prayer books, \$50,000; religious educational books used by students for the priesthood, \$100,000; books used on the altar during religious ceremonies, \$200,000; books of religious character used by the priesthood and laity, \$50,000, making an approximate annual total in excess of \$400,000.

Size of industry.—As there are no publishers of Roman Catholic religious books in America, there is no competition.

Rates suggested.—The present duty upon the books enumerated ranges from 20 to 33½ per cent, depending upon the binding. The witness requests that these books be provided for under the proposed paragraph 1520, amended to read as follows:

Bibles, comprising the books of the Old and the New Testament, or both, bound or unbound; books and pamphlets, bound or unbound, printed wholly or chiefly in languages other than English, that are used or intended to be used in connection with religious ceremonies or in association with religious festivals either by the clergy or by the laity or that are used or intended to be used by the clergy or in religious educational institutions.

Hearings: Pages 3958-3963.

Witness: Mr. John Macrae, representing the National Association of Book Publishers, E. P. Dutton & Co., and The American Booksellers' Association.

Rates suggested.—The duty on books to be made as low as possible. This duty should not, under any circumstances, exceed 25 per cent ad valorem on books printed in English, and Congress should assess the dutiable value of imported books from England at 15 per cent ad valorem. It is urged that all books in foreign languages, and books 20 years of age and over, be placed on the free list. These books do not compete with American manufactures and are mainly used for educational purposes.

The publishers of the United States wish to have a clause under which the duty to be paid on imported books will be levied on the price paid by the American publisher to the publisher in England. Trade conditions prevailing in England are practically the same as in the United States.

Hearings: Pages 4398-4401 (schedule 15, free list.)

Witness: Mr. M. L. Raney, Librarian of Johns Hopkins Hospital, Baltimore, Md., representing 40 educational institutions.

Rates suggested.—Educational books, and books over 20 years old, to be placed on the free list.

The rate in the existing tariff measure is 15 per cent on such books as are dutiable. In H. R. 7456 it is proposed to raise this to 20 per cent. In the tariff act of 1842 the rate was based on size, value, weight, etc. So far as the ad valorem duty was then fixed it corresponds with the 20 per cent in the present bill. All foreign language books, and all books as old as 20 years, should be placed upon the free list. The various suggested amendments to the paragraphs under discussion will be found on page 3994.

Educational institutions and libraries are concerned because of the proposal that their textbooks shall be made dutiable. If these

are placed upon the dutiable list the charge will either be borne by the student himself, or by the institution which imports them. Another reason for this objection is that American producers are using the present tariff as an excuse for abnormal increases in their prices.

Hearings: Pages 3963-3964.

Witness: Dr. A. S. W. Rosenbach, representing himself as an importer; also, the Free Library of Philadelphia, the American Library Association, and the rare-book trade of America.

Rates suggested.—The items enumerated in paragraph 1310 to be placed on the free list, which should also include books in foreign languages, books over 20 years old, and other educational books.

To place a duty on books over 20 years old would be a serious hindrance to those contemplating the establishment of libraries, so necessary to any country. If it is desired to protect American binders, a proviso could be inserted carrying a duty on books the binding of which was executed within a period of 20 years, but the duty should be on the binding and not on the books.

Hearings: Pages 3946-3950.

Witness: The Charles E. Lauriat Co., Boston, Mass. (Brief.)

As a dealer in both American and English published books, having an established business of 50 years' standing, the company protests against the clause in paragraph 1310, applying to books bound wholly or in part in leather. The company regards the proposed duty of 33½ per cent ad valorem as unnecessarily high. Wages in English binderies have advanced over 200 per cent above prewar level—a statement verified by figures and enforced by quotations for foreign binding.

The company regards the American valuation plan as impractical, even impossible, as applied to books.

Attention is devoted to the proposed imposition of a duty on books more than 20 years old and to the similar burden on books and pamphlets in foreign languages. Both of these proposals are deprecated by the company.

Witness: The American Library Association, Chicago, Ill. (Brief; no appearance at hearings.)

The brief is a protest against the proposed increase in duties, and limitations of privileges, in regard to books.

The changes proposed are prejudicial to libraries, which must expect a sharp advance in the price of all foreign books, as was shown by the present duty of 15 per cent on recent English books, raising the price in some cases to more than double the price in England. The duty would also discourage the buying up of European stocks when especially favorable opportunities offer, and libraries would have to pay duty on all copies of a book beyond two. The provision in regard to affidavits will entail an enormous additional amount of clerical work. Stress is also laid upon the potential hindrance to research work, and the association is unable to see any gain in impeding the entry of a family of such character as to own a library exceeding \$250 in value.

The necessary textual changes are incorporated in the brief.

Witness: The trustees of the New York Public Library. (Brief; no appearance at hearings.)

Remarks.—The executive committee presents, in the form of a printed leaflet, the minutes and resolutions adopted by the trustees at a meeting on January 11, 1922. These protest against the provisions of H. R. 7456, increasing the duty now levied on books and other printed matter imported into the United States and removing from the free list certain classes of books now included therein.

The trustees regard the proposed changes as constituting a tax on knowledge and education, and a serious burden upon institutions such as their own. Details of the changes desired to give effect to the policy favored by the trustees are given.

Witness: The Krauth Memorial Library, Philadelphia, Pa. (Brief; no appearance at hearings.)

Rev. Luther D. Reed, director, is unable to see any particular purpose in imposing a duty on books in foreign languages. The libraries of universities, colleges, and scientific institutions would be put to considerable trouble and expense by the affidavit provisions of this paragraph.

Witness: Mr. Charles F. Amidon, Fargo, N. Dak. (Brief; no appearance at hearings.)

The writer objects to the proposed duty of 20 per cent on all foreign-language books and on books in English 20 years or more old. "If there is anything we need it is knowledge. Let us not put a tax on it."

Witness: The Board of Trade of the American Booksellers' Association. (Brief; no appearance at hearings.)

In support of a protest against the proposed imposition of a duty on books the brief covers a reprint of an article from The Bookseller and Stationer, August 1, 1921, written by Mr. Charles E. Buller, chairman of the above-named board. The writer regards the proposed duty as "a step fraught with many serious possibilities." Books differ from every other article of merchandise in being the great educational medium and uplift throughout the land. While the literary production of this country is good, that of Europe is equally if not more so, and its books are read by Americans. Foreign-language books should be admitted free of duty.

PARAGRAPH 1310.—GREETING CARDS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Chas. J. West, representing greeting-card manufacturers.
The Keating Co., Philadelphia, Pa. (Brief.)
The Campbell Art Co., Elizabeth, N. J. (Brief.)

Hearings: Pages 3970-3971.

Witness: Mr. Charles J. West.

Rates suggested.—The wording of paragraph 1310 to be changed. After the words "booklets, wholly or in chief value of paper, decorated in whole or in part by hand or by spraying, whether or not printed" add "not specially provided for," 15 cents per pound. The last sentence in the paragraph to be changed from "Christmas and other greeting cards, printed lithographically or otherwise, or decorated in whole or in part by hand or by spraying, 30 per centum ad valorem," to read "greeting cards and all other social and gift

cards, including those in the form of folders and booklets, wholly or partly manufactured, with or without text or greeting, 60 per centum ad valorem."

Witness: The Keating Co., engravers and stationers, Philadelphia, Pa. (Brief; no appearance at hearing.)

Rates suggested.—The brief directs attention to the danger, under the provisions of H. R. 7456, of greeting cards in the form of booklets or folders being charged a duty of 7 cents per pound. The company does not believe it to be the intent of the bill to admit such foreign products at this low rate. There may have been some confusion between this class of goods and advertising booklets and small toy books, to avoid which the following wording of the close of paragraph 1310 is suggested:

Cards, folders, and booklets intended for social use, including post cards, not specially provided for, printed, lithographically or otherwise, or decorated in whole or in part by hand coloring or spraying, 30 per centum ad valorem.

In another communication the company desires protection for such cards as place, tally, and birth announcements. In the absence of suggested textual changes these would come under paragraph 1306—duty levied according to weights—and practically no protection would be given.

Witness: The Campbell Art Co., Elizabeth, N. J. (Brief; no appearance at hearings.)

Mr. Charles J. West, vice president of the company, in behalf of the greeting card manufacturers, suggests that the wording of the paragraph be changed. As it now stands cards in the form of booklets and folders would be subject to a duty of either 7 or 15 cents per pound instead of 30 per cent ad valorem. The original and the proposed amended construction of paragraph 1310 are appended in parallel columns.

Unless some such change is made foreign competitors will see to it that all their creations are manufactured in the form of booklets.

PARAGRAPH 1313.—BOX BOARD.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Charles R. White, representing manufacturers of box boards and paper boards, Washington, D. C.

Hearings: Pages 3888-3892.

Costs and selling prices.—It costs \$9.50 to deliver a ton of box board from Illinois or Wisconsin to the New York market. With present freight rates from Hamburg, Germany, Netherlands, or Belgium, it can be delivered at the eastern seaport for \$6 per ton, thus showing an advantage to the foreigner of \$3.50 on freight rates alone. The present wholesale price of box board in America ranges from \$32.50 to \$80 per ton. For two years, up to October, 1920, the price was as much as \$100 per ton.

Size of industry.—About 2,000,000 tons of box board is produced in America annually. There are about 150,000 persons employed in the industry.

Rates suggested.—A specific duty of 1 cent per pound to prevent ambiguity in case American valuation is adopted.

Remarks.—About 50,000 tons of box board were imported in 1920 from Canada, the Netherlands, and Belgium, chiefly from Canada,

where paper board is made largely as a by-product, and delivered in Boston or New York at a much lower rate than domestic manufacturers have to pay. Canada has the forests—the raw material—with the lower freight rates has the advantage over the United States trade. Protection must therefore be obtained for the American industry.

PARAGRAPH 1313.—FLONG, A PAPER MATRIX OR DRY M

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES :

Mr. Benjamin Wood, representing Wood Flong Corporation, New York.

FAVORING LOWER DUTIES :

Mr. Jason Rogers, publisher of the York Globe. (Brief.)

Hearings: Page 3971.

Witness: Mr. Benjamin Wood.

Costs and selling prices.—The selling price of dry mats and papers is 20 cents per mat, or sheet, and with the present labor and materials it has been difficult to maintain this price. Germans are offering as low as 8 cents each in order to undercut the American industry. The statement has been made that operatives in the German mills are being paid the equivalent of \$1.00 per hour, while the American workman is paid at the rate of 40 cents per hour.

Size of industry.—This brand new industry was created as a result of the war. Thus far there is only one company manufacturing in New York.

Rates suggested.—A specific duty of 26 cents per pound, the bill being preferred to ad valorem for the reason that there is only one grade and one size used by newspapers. The bill gives 26 cents ad valorem, based on American valuation. This is not sufficient to protect the industry, and a duty of 26 cents per pound is absolutely necessary to enable the American industry to survive.

The words "stereotype matrix, mat or board, 28 per cent ad valorem" should be eliminated, and in their place substituted the following: "Flongs, known by the printing trade as 'dry mats' or prepared sheets of molding material to be used for the purpose of making printing plates, 26 cents per pound."

Remarks.—The industry was formerly exclusively owned and controlled by the Germans and is a German chemical invention known as "flong," a paper matrix used in making plates for casting plates by the stereotype process used in newspaper and printing plants. The corporation was unable to discover the German method of manufacture of matrix paper until after expending a large sum of money. Having done so, it is now confronted with a competition which the industry in its extreme youth cannot face. The Germans have come back, and finding only one American petitioner are endeavoring to regain the market by underselling such figures as to make the domestic industry impossible to protect. A brief submitted by the witness is printed in page 3973.

Witness: Mr. Jason Rogers, publisher of the New York Globe. (Brief; no appearance at hearings.)

Mr. Rogers protests against any such duty on dry mats as that suggested above by Mr. Benjamin Wood. The proposed duty of 26 cents per pound would mean approximately 13 cents per mat, or between 80 and 120 per cent on the cost of manufacture. Such a duty would act prohibitively and encourage domestic manufacturers to take advantage of the artificial monopoly they would enjoy.

Copies of controversial matter dealing with this topic are covered by the brief.

PARAGRAPH 1313.—WALL POCKETS.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Charles A. Hamilton, representing the Buffalo Art Manufacturing Co.

Hearings: Pages 3978-3981.

Costs and selling prices.—The company has reduced the prices on the largest wall pockets from \$99 to \$75 per 1,000. Prices for the season of 1923 are \$44, \$58, and \$75. The average cost of the pockets at the factory is: Small size, \$41; medium, \$53; large, \$68. Labor costs represent for small size, \$28; medium, \$33; and large, \$39.

Size of industry.—To-day only one domestic concern is manufacturing wall pockets. It employs about 100, mostly girls who are experts, and the wages paid are from \$16 to \$40 a week. Owing to German competition, the output to-day (December, 1921) is about 250,000, as compared with 1,000,000 last year. This concern has invested about \$100,000 in the business.

Comparability.—Owing to the enormous importation of wall pockets from Germany, one American company has been compelled to go out of business entirely and the other has recently been compelled to reduce its production from 30 different designs to 7.

Rates suggested.—A specific duty of 15 cents per pound, instead of 26 per cent ad valorem as proposed in the bill; it will be impossible, otherwise, to continue this little industry.

Remarks.—A list of prices of by-products used in the industry is given on page 3979. Wall pockets are made principally from a coarse paper which is a by-product of tobacco manufactories. Its base is the tobacco stems which are thrown out in the manufacture of smoking material. The price of this has gone down, but the prices of the essential aniline dyes have gone up.

PARAGRAPH 1313.—PAPER TUBES.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Frederick L. Chase, representing F. A. Chase & Co., Providence, R. I., and the American Paper Tube Co., of Woonsocket, R. I.
The American Paper Tube Co., Providence, R. I. (Brief.)

Hearings: Pages 3981-3982.

Witness: Mr. F. L. Chase.

Rates suggested.—The interests represented ask for the insertion of a clause providing for a duty of 5 cents per pound and 35 per

cent ad valorem on paper tubes, tapered or parallel. The object is to take this product out of the basket clause, paragraph 1313. As matters stand, the paper from which these tubes are made carries the same duty as the finished tubes—26 per cent ad valorem—yielding no margin of protection for the labor and manufacture of the tubes.

Witness: The American Paper Tube Co., Providence, R. I. (Brief; no appearance at hearings.)

Rates suggested.—In view of the high development attained in the manufacture of paper tube products in foreign countries, notably German, Belgium, France, and Italy, and having regard to their advantages in present-day costs, the company asks for a duty of 8 cents per pound and 35 per cent ad valorem on paper tubes, tapered or parallel.

Remarks.—During the war, a great majority of the silk, woolen, cotton, and worsted spinners were entirely dependent on the output of the paper tube makers of the United States to run their plants.

SCHEDULE 14.—SUNDRIES.

PARAGRAPH 1401.—ASBESTOS MANUFACTURES.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Henry Paul Barnes, representing American manufacturers of asbestos materials.

FAVORING LOWER DUTIES:

Mr. Forest Bramble, representing the American Asbestos Dealers' Association, Baltimore, Md.

Mr. W. E. Steelman, representing W. E. Steelman Co., Wilkes-Barre, Pa.

Mr. Ed. Nicholson, representing Raybestos Co., Bridgeport, Conn.

Mr. W. C. Dodge, jr., representing the Argus Asbestos Co. (Inc.), Port Chester, N. Y.

Hearings: Pages 3893-3991.

Witness: Mr. Harry Paul Barnes, representing American manufacturers of asbestos materials.

Costs and selling prices.—Costs of asbestos manufactures vary greatly. The value of asbestos entering into these products ranges from 1 cent per pound to \$1.50 per pound, and the value of the finished materials ranges from 1½ cents per pound to \$10 and upward per pound. Cost of production is about 55 per cent material and 45 per cent labor and overhead.

Size of industry.—Total value of production, \$100,000,000; employees, 30,000 to 50,000. The industry is comparatively new, having developed in the past 20 years.

Comparability.—Weekly wages for unskilled labor: In Germany, 150 marks (about \$1.50); in England, 25 shillings (about \$6); in the United States, \$20. For carders, spinners, and other skilled workers: The German worker receives 200 marks (about \$2); the English weaver, 55 shillings (about \$13); and the American worker of the same class, from \$30 to \$40 per week, taking present exchange value in each conversion.

American workmen will not work with certain cheap grades of asbestos fiber, as they are detrimental to health, but they are used

and worked by Europeans. Foreign manufacturers could furnish sufficient quantities for the requirements of this country. Imports have not been large, as the requirements are not heavy at present, but such orders or inquiries as appear upon the market are immediately seized by importers at prices far below the American manufacturer's cost. Mr. Barnes filed with his testimony an article from a German publication, the *Gummi-Zeitung*, relating to the expansion of the German asbestos industry.

Rates suggested.—The proposed rates are not considered sufficiently high, and increases are requested to conform to the rates contained in a bill introduced in the House of Representatives by the Hon. Henry Watson, of Pennsylvania, as follows:

Dutiable list.—Asbestos paper and millboard and articles manufactured therefrom, not otherwise provided for in this section, 5 cents per pound; asbestos paper and millboard, manufactured from long-fiber asbestos for gaskets, etc., electrical papers not exceeding 0.005 of an inch in thickness or articles manufactured therefrom, 10 cents per pound.

Articles composed of asbestos and hydraulic cement, in sheets or plates not exceeding one-eighth of an inch in thickness, 1½ cents per square foot; more than one-eighth of an inch but not exceeding one-fourth of an inch in thickness, 2½ cents per square foot; more than one-fourth but not exceeding one-half of an inch in thickness, 5 cents per square foot.

Sheets that are corrugated or otherwise differing from flat sheets, 6 cents per square foot or fraction thereof; colored sheets containing an admixture of matter other than asbestos and hydraulic cement, 50 per cent ad valorem in addition to the above rates.

Asbestos wick and rope, or articles manufactured therefrom, 35 cents per pound.

Asbestos woven-sheet packing, in rolls, exceeding one thirty-second and not exceeding one-eighth of an inch in thickness, or articles manufactured therefrom, 50 cents per pound.

Asbestos gaskets folded or cut from the straight sheet, rubberized, graphited, or otherwise treated with waterproofing or lubricating compound or compounds, or articles manufactured therefrom, 65 cents per pound.

Asbestos yarn containing more than 10 per cent of foreign matter other than asbestos, or articles manufactured therefrom, 50 cents per pound; asbestos yarns and listings exceeding 0.025 of an inch in thickness, containing less than 10 per cent of foreign matter, and cloths, tapes, cords, or other articles manufactured therefrom, \$1.75 per pound; not exceeding 0.025 of an inch in thickness, \$2.50 per pound.

Asbestos mantle threads, with or without wire, treated or untreated, \$2.50 per pound.

Asbestos textile fabrics, containing 10 per cent and not more than 20 per cent of foreign matter other than asbestos, 75 cents per pound; containing more than 20 per cent of foreign matter other than asbestos, 50 cents per pound.

All other manufactures of asbestos and articles or manufactures of which asbestos is the component material of chief value, not specially provided for in this section, 40 per cent ad valorem.

Remarks.—Mr. Barnes cited a quotation received from an English manufacturer for asbestos yarn, containing less than 10 per cent cotton, of 3s. 3d. per pound, or approximately 75 cents. The cost of labor in this country on this class of yarn exceeds this selling price, and its total cost is approximately \$2.50 per pound.

With reference to the brief filed by the American Asbestos Dealers' Association (represented by Mr. Bramble), the witness stated that those companies considered the question only from the viewpoint of imports of shingles from Canada. Shingles are imported from Europe, chiefly Belgium at present, but they will be imported largely from Belgium and Germany.

The thickness clause in the proposed rates should not be changed. The majority of shingles do not exceed one-eighth inch in thickness. Ordinary shingles are one-eighth inch in thickness.

The increased duty on colored shingles is necessary to protect the American manufacturer from German shingles. Imports from Canada are chiefly of gray shingles, but because of the dye industry Germans are able to manufacture colored shingles much more cheaply, the coloring material comprising about 60 per cent of the cost.

Seventy-five per cent of exports went to Cuba, the remainder to South America. It is impossible for an American manufacturer to export his products to a country manufacturing asbestos products. The reverse is not true. Imports have been made into the United States from England, Germany, Italy, France, and other countries where asbestos materials are produced.

Were the shingles assessed on the square of surface covered it would be possible to bring in sufficient shingles as one square to cover two squares. A monopoly on this class of goods would not result from increased rates, as there are at least five companies producing them at the present time and, as the patent for manufacturing asbestos shingles has expired, there is no doubt that in a short time additional companies will be manufacturing them.

Hearings: Pages 3996-4004.

Witness: Mr. Forrest Bramble, representing the American Asbestos Dealers' Association.

Costs and selling prices.—The witness attached to his brief the following table, showing prices at factory of imported manufactures of asbestos:

EXHIBIT No. 1.—*Tariff bill (H. R. 7456), paragraph 1401, asbestos.*

Page.	Item.	Description.	Selling price at factory.	United States manufacturers' price.	Present duty.	Proposed duty.	Percent- age on selling price, i. e., ad valorem duty of.	Duty if figured on basis of United States manufac- turers' price.	Percent- age of increase in duty.
156	22, 25	{ 1/4 to 1/2 inch asbestos shingles sufficient to cover 100 square feet roof surface—155	{ Gray, \$7.77..... Colored, \$10.20.....	{ \$9.00 13.37	{ 10 per cent, 77 cents..... 10 per cent, \$1.02.....	{ 2 cents square foot, \$3.10..... 3 3/4 cents square foot plus 10	{ 40 63	{ Per cent. 34 41	{ 300 530
157	2-4								
157	2-4	1/4 inch linasbestos wallboard (made col- ored only).	5 cents per square foot.	.08	10 per cent, 1/2 cent.....	3 1/2 cents plus 10 per cent, 1/2 cents.	80	50	700
157	2	Asbestos corrugated sheathing.	Gray, 12 cents.....	.12	10 per cent, 1 1/2 cents.....	2 1/2 cents.....	30	30	200
157	1-2	1/2 inch asbestos lumber.....	Gray, 54 cents.....		10 per cent, 5 1/2 cents.....	2 1/2 cents.....	44		1,108
157	1-2	1/2 inch asbestos lumber.....	Gray, 28 cents.....		10 per cent, 2 1/2 cents.....	2 cents.....	9		112
156	24-25	1/2 inch asbestos lumber.....	Gray, 10 cents.....		10 per cent, 1 cent.....	2 cents.....	20		100
156	24-25	Asbestos ridge roll, per linear foot.....	Colored, 12 cents.....		10 per cent, 1 1/2 cents.....	3 1/2 cents per square foot.....	35		250
157	2, 4	do.....	Colored, 12 cents.....		10 per cent, 1 1/2 cents.....	3 1/2 cents plus 10 per cent, 4, 7 to 10 cents.	39		280
156	17, 20	Asbestos paper and millboards, long fiber.	15 cents per pound.....		10 per cent, 1 1/2 cents.....	8 cents per pound.....	53 1/2		435
156	21	Asbestos paper and millboards, other fibers.	5 cents per pound.....		10 per cent, 1/2 cent.....	1 1/2 cents.....	30		200
157	4, 5	Wick and rope.....	30 cents per pound.....		10 per cent, 3 cents.....	18 cents per pound.....	60		500
157	5, 6	Woven sheet packing.....	50 cents per pound.....		10 per cent, 5 cents.....	24 cents.....	48		380
157	6, 8	Gaskets.....	60 cents per pound.....		10 per cent, 6 cents.....	56 cents.....	93		830

1 Reduction.

Size of industry.—The value of the domestic production in 1920 was about \$100,000,000; value of imports, \$451,851.

Rates suggested.—The association which the witness represents is opposed to the proposed tariff from the several viewpoints of increased rates, the duty being specific, colored sheets or plates being dutiable at a higher specific than uncolored, and different rates for different sizes. Retention of the present duty of 10 per cent ad valorem is advocated, but a 50 per cent increase over this (15 per cent ad valorem) would be satisfactory, and would afford ample protection to domestic manufacturers.

Remarks.—The witness is chiefly interested in asbestos shingles, sheets and plates of asbestos, and hydraulic cement. He contends that, under the proposed duties, the percentage of increase on the selling price ranges from 100 to 830 per cent, or from 20 to 93 per cent ad valorem.

With regard to the proposed different rates for sheets or plates not exceeding one-eighth inch in thickness and those in excess of one-eighth, it is stated that shingles ranging from one-eighth to three-sixteenths inch in thickness are sold for the same price to the dealer and the consumer, and are used for the same purposes. It is not practicable to manufacture the shingles in any appreciable quantities uniformly one-eighth inch thick.

With regard to the duty being specific, the witness states that the proposed rates would necessitate the measuring by customs officials of every imported shingle to detect the difference in size between one-eighth and three-sixteenths inch. The rate is based on the square of shingles, but should be based on the square of surface covered, corresponding to the trade unit. This is 100 square feet of roof, which takes 155 square feet of shingles.

He also contends that, under the proposed rates, a monopoly would be established in manufactured sheets and plates of asbestos and hydraulic cement, largely in the control of two companies; that the dealers in these articles would be eliminated from competition, and that the revenue from this source would be wiped out, as the proposed duties would be prohibitive.

Hearings: Pages 4005-4009.

Witness: Mr. W. E. Steelman, representing W. E. Steelman Co., importers of asbestos shingles and flat sheets.

Rates suggested.—A flat ad valorem rate of 15 per cent on foreign valuation.

Remarks.—The witness testified in collaboration with the preceding witness, Mr. Bramble. He repeated that it would be necessary, under the proposed tariff, to measure all shingles imported to determine their thickness, and that shingles one-eighth and five thirty-seconds of an inch thick sell for the same price. The shingles are sold on the one-sixteenth of an inch basis and are supposed to measure up to one-sixteenth inch of the basis on which sold, any smaller difference being due to the failure of the machinery to make them exact.

He contends that under the American valuation plan he would probably have to pay duty on a fictitious American value. For ex-

ample, he states, his competitors have a marketing plan by which they establish what is known as a "five-car buyer." Such buyer is given a discount off the list of $33\frac{1}{3}$ per cent, but when he has purchased five carloads of material they rebate him the difference between $33\frac{1}{3}$ per cent off and 40 per cent off. After he has once purchased five carloads he remains a five-car buyer at 40 per cent off the list, although the sale goes through on the books of the company at $33\frac{1}{3}$ per cent off.

Hearings: Page 4009-4011.

Witness: Mr. Ed. Nicholson, representing Raybestos Co.

Rates suggested.—Retention of present rate of 20 per cent ad valorem.

Remarks.—Mr. Nicholson stated that the Raybestos Co. manufactures automobile-brake lining, using the yarn provided for in the tariff classification covering yarn containing more than 10 per cent of foreign matter other than asbestos.

Owing to the inability of domestic mills to meet the demand for this yarn in 1919 the Raybestos Co. entered into a contract with an English company for 2,000,000 pounds of yarn, 400,000 pounds of which have been delivered, leaving a balance of 1,600,000 to be delivered, which they are under obligation to receive. Conditions of domestic manufacturers are now changed, the yarn can be manufactured here as cheaply as in England, demands can be met, and the yarn would cost the Raybestos Co. less here than they could import it for. They, however, are bound by the contract.

The duty on this 1,600,000 pounds under the present rate would be approximately \$161,200; under the proposed rate it would be \$512,000, an increase of \$350,800. In order to save to the company this extra duty, they request that the rate of duty be not changed, but retained at 20 per cent ad valorem. The witness states that 20 per cent is actually a prohibitive duty, and that at the present time no imports, as far as can be ascertained, are being made of this yarn except by the Raybestos Co. under their contract. They would, therefore, be the only one affected by a change of rate.

Hearings: Pages 3992-3995, 4011-4012.

Witness: Mr. W. C. Dodge, jr., representing the Argus Asbestos Co. (Inc.).

Costs and selling prices.—The price of asbestos listing (exhibit) is about 90 cents a pound. The present cost of the imported article from England is 60 cents; adding 20 per cent duty brings this up to 72 cents, leaving a fair margin, 25 per cent, to meet American competition. The labor cost in the finished product is from 10 to 20 per cent.

Size of industry.—Imports of asbestos products (in textiles) have always been under 1 per cent of the amount of business done in this country. Exports have been seven times more goods in value than are imported.

Rates suggested.—On textiles, 20 per cent on American valuation would be acceptable; specific duties to be eliminated.

Remarks.—The question is largely one of labor, as everyone pays the same price for asbestos, which comes principally from Canada.

PARAGRAPH 1402.—GOLF BALLS.

WITNESSES.

FAVORING LOWER DUTIES:

Holmac (Inc.), County Golf Co., Samuel Buckley & Co., Alexander McLeod, and the Dunlop Tire & Rubber Corporation of America, as importers of English-made golf balls. (Joint brief; no appearance at hearings.)

Costs and selling prices.—At the present time American manufactures of golf balls have established a retail price at 75 cents apiece, or \$9 a dozen. The balls are sold by the American manufacturers, either direct to the golf professionals or through jobbers and distributors, at prices varying from \$5.25 to \$5.85 per dozen. These are the highest grade of American manufactured balls.

At the present time the best imported English golf balls are retailing to the players at \$1 apiece, or \$12 a dozen. Importers are selling the balls, in most instances, to the distributors at an average price of \$7.40 per dozen, and the distributors are selling to the professionals at \$8.50 to \$9.15 per dozen.

The imported English golf ball of the best grade is sold in England to the golf professional for approximately 25 shillings a dozen. They are sold to American importers at a slightly lower figure—an average of approximately 24 shillings per dozen.

Expenses and profit of importer per dozen of best-grade golf balls.

Price paid manufactures.....	\$5.06
Freight, marine insurance, etc.....	.19
Duty (10 per cent).....	.53
Selling costs.....	1.25
Total cost.....	7.03
Selling price.....	7.40
Profit.....	.37

If the 30 per cent rate should come into effect, the importer will pay as duty at least \$1.59 per dozen instead of 53 cents. This will increase the landed cost of a golf ball to such an extent that it can not be retailed at \$1, and if the price is increased above \$1 it will be impossible for the imported ball to compete with the 75-cent standard domestic ball.

Size of industry.—It is estimated that there are at the present time 2,500 private golf clubs in this country and that each club has an average membership of at least 400, thus making the total number of golf players in the United States in excess of 1,000,000.

The estimated market in America for golf balls is 1,000,000 dozen per year. Of this number, the total importations do not reach a maximum of 150,000 dozen a year, or less than 15 per cent of the total number of balls sold.

Rates suggested.—The importers most earnestly object to the increase of the rate of duty from 10 per cent, as it now stands, to 30 per cent, as proposed in the Fordney bill. The rate of duty is increased 200 per cent, and the American valuation feature will further increase the actual duty in dollars and cents.

¹ Exchange at \$4.22, Dec. 28, 1921.

PARAGRAPH 1403.—BEADS.

WITNESS, AND INTEREST REPRESENTED.

FAVORING LOWER DUTIES:

Mr. David J. Gallert, representing novelty jewelers, New York City.

Hearings: Pages 4013-4023.

Comparability.—The hollow or wax-filled pearl beads are not made in the United States. The hollow bead is the cheaper and to a certain extent would displace the solid bead, which is made in the United States.

Rates suggested.—The request was made that no specific duty be added, as it would bear heavily on the cheaper grades of beads. The specific duty requested by the American manufacturers would amount to some 10,000 per cent on foreign valuation. The duty of 25 per cent in the House bill does raise the duty, and that, while curtailing the business, would not seriously hamper it.

A duty of 40 per cent on pearl beads would be equivalent to 160 per cent on foreign valuation, which, if imposed, would prevent their importation.

It was requested that a separate classification be made for the solid or indestructible pearl beads and that the rate be 25 per cent on American valuation, the equivalent of 60 per cent on foreign valuation.

The rate on hollow or wax-filled beads should be allowed to stand as in the present tariff—that is, at 35 per cent.

PARAGRAPH 1405.—FELT SLIPPERS.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Walter A Sweet, representing the National Association of Felt Slipper Manufacturers.

Hearings: Page 4028.

Size of the industry.—The members of the association employ 4,824 workers and have an average annual output of approximately \$23,983,238. The association is comprised of 27 concerns which manufacture probably more than 50 per cent of the goods in this line.

Rates suggested.—Would be satisfied with 25 per cent ad valorem, based on American valuation, as provided for in the bill.

PARAGRAPH 1406.—STRAW HATS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING LOWER DUTIES:

Mr. Edward W. Bill, representing Bill & Caldwell, importers, New York City.

The National Association of Men's Straw Hat Manufacturers. (Brief.)

Hearings: Pages 4028-4031.

Witness: Mr. Edward W. Bill.

Size of the industry.—The production of men's and women's straw hats in the United States is shown below:

Value of product:

1919	-----	\$31,920,000
1914	-----	25,444,000
1909	-----	21,424,255

The total value of blocked or trimmed straw hats imported in 1919 was \$707,163.

Rates suggested.—That the rate on men's trimmed and sewed hats be no higher than 40 per cent based on foreign valuation.

Remarks.—The witness states that statistics of imports include certain bodies which are taken by domestic manufacturers and after being manipulated and trimmed are turned out as part of their product. Taking this into consideration, and allowing only for the trimmed and sewed straw hats which are imported, it will be seen that such imports are but a small factor compared with the amount manufactured in the United States.

Witness: The National Association of Men's Straw Hat Manufacturers of America. (Brief; no appearance at hearings.)

Costs and selling prices.—German manufacturers are offering straw hats for sale in this country at prices which, under the present tariff, permit the delivery of the merchandise, duty paid, at fully 40 per cent below present prices of American-made hats of similar value. The cost of raw materials in the United States is increased by the fact that all of the important materials are subject to duties ranging from 15 to 60 per cent under the present tariff. With the exception of straw braids, American materials are chiefly used, and these must carry the cost of protection to American labor in their production.

The following data on wages in England were taken from the December 15, 1921, issue of the Hatters' Gazette, London:

Male workers employed in the straw-hat branch of the trade who have had not less than five years' experience after the age of 19 and are employed in stiffening straws and all classes of goods or in blocking straws, hats, or shapes covered by hand or machine, now paid 1s. 7d. per hour—reduction proposed to 1s. and 5d. per hour.

Male workers between 18 and 19 years of age, now paid 7½ pence per hour—proposed reduction to 6½ pence per hour.

All female workers other than home workers now paid 9½ pence per hour—proposed reduction to 8½ pence per hour.

The following is a comparison of earnings of American and English workers:

	England.		United States.	
	Present wages, 48 hours per week (exchange at \$4).	Proposed reduced wages, 48 hours per week (exchange at \$4).	Union scale, 44 hours per week.	Country factories 48 hours per week.
Skilled male workers.....	\$15.20	\$13.60	\$45.00	\$36.00
Male workers, 18 to 19 years of age.....	6.00	5.20	21.00	16.50
Female workers.....	7.60	6.80	30.00	24.00
Under 15 years of age.....	2.40	2.00	(1)	(1)

¹ Child labor forbidden by law.

Samples of foreign and domestic made hats, showing selling prices, have been submitted to Mr. J. B. Reynolds, who is conducting an investigation for the Treasury Department.

Two Italian fancy braid hats, bought in the open market in New York for \$12.96 and \$15.48 per dozen. The same hats made in the United States could

not be sold for less than \$27 and \$25.50 per dozen. An Italian flat-foot sennit hat, bought in the open market in New York for \$17.40 per dozen, could not be produced in the United States to sell for less than \$27 per dozen.

Copies of two letters received by a domestic manufacturer from retailers are attached to the brief. These state that the same kind of hats offered by the domestic manufacturer at \$36 per dozen are offered by an importer of Italian hats at \$22.50 per dozen, duty paid.

Rates suggested.—The association favors the foreign valuation plan for such materials and merchandise as are not produced in this country and the American valuation plan for products with which manufacturers of the United States must compete.

The association also suggests that the words "women's and children's" should be inserted after the word "men's," as women's and children's sewed hats should carry the same rate as men's.

The association recommends the elimination of the provision relating to "harvest" hats, as the classification would be difficult to establish and would complicate the interpretation and administration of the entire paragraph. The preference in duty is so slight that the association considers it does not serve any good purpose.

Braids, etc., composed wholly or in chief value of straw, etc., suitable for making or ornamenting hats, bonnets, or hoods, not bleached, dyed, colored or stained, 15 per cent, foreign valuation; bleached, dyed, colored or stained, 20 per cent, foreign valuation.

Hats, bonnets, and hoods composed wholly or in chief value of any of the foregoing materials, whether wholly or partly manufactured, but not blocked or trimmed, 25 per cent, foreign valuation; blocked or trimmed, 40 per cent, foreign valuation.

All other men's, women's, and children's hats, composed wholly or in chief value of any of the foregoing materials, whether wholly or partly manufactured, either not blocked or blocked, not trimmed or trimmed; if sewed, 40 per cent, domestic valuation, or 65 per cent, foreign valuation.

Remarks.—Reference is made to the brief filed with the Ways and Means Committee for details of the industry. (Tariff Information, 1921, hearings before the Committee on Ways and Means, Schedule N, Sundries, February 9, 1921, No. 30, pp. 3056-3078.)

In 1908 foreign competition was almost entirely from England. In 1913 Italian competition had grown considerably in volume, while in recent years Japan has begun to manufacture straw hats in considerable quantities.

PARAGRAPH 1407.—BRUSHES.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. John Morrison, jr., representing the American Brush Manufacturers' Association.

The American Brush Manufacturers' Association. (Brief.)

Mr. George A. Fernley, representing the American Brush Manufacturers' Association.

Holgate Bros. Co., Kane, Pa. (Brief.)

FAVORING LOWER DUTIES:

Mr. W. B. Gibson, representing the Brush Importers' Association.

Dr. Thaddeus P. Hyatt, chairman Oral Hygiene Committee of Greater New York and in charge of dental department, Metropolitan Life Insurance Co.

The Williams Brush Co., Philadelphia, Pa. (Brief.)

The Horner-Kensil Co., Philadelphia, Pa. (Brief.)

Charles L. Huisking (Inc.), New York City. (Brief.)

Hearings: Pages 4034-4042.

Witness: Mr. John Morrison, jr., representing the American Brush Manufacturers' Association.

Costs and selling prices.—A brief submitted by the witness states that foreign-made brushes are produced at a labor cost of 30 cents per day.

Size of the industry.—The brief gives these figures (Japan):

	Employees.
1906, 213 factories or workshops-----	3,118
1918, 777 factories or workshops-----	6,811

Since 1914 the artists' brushes and hair pencil business has been developed in the United States.

Rates suggested.—(Based on foreign valuation.) Toilet brushes, including tooth, hair, nail or hand, shaving, bath, and complexion, 60 per cent; paint and varnish brushes, 50 per cent; hair pencils, artists' hair and bristle brushes, and all other soft-hair brushes, 60 per cent; household and all other brushes, 50 per cent.

"It has been demonstrated that a duty of 35 or 40 per cent does not stem the increasing flood."

Remarks.—(See brief filed with Ways and Means Committee, schedule N, par. 336.) Bristles and some fancy woods are imported; all other materials are produced in the United States.

Hearings: Pages 4036-4042.

Witness: The American Brush Manufacturers' Association. (Brief.)

Costs and selling prices.—Wages in Japan: Girls drawing bristles, punching, and cementing in their homes, 80 sen per day, 14 hours; men supervisors, 1 yen per day; bone cutters, men, 75 to 80 sen per day; bristle refiners, 1 yen to 1.50 yen per day. Brush factory in Tokyo: Average daily wage of a man is 1.50 to 3 yen; average daily wage of a woman is 45 to 75 sen—working day, 10 hours.

NOTE.—One yen (divided into 100 sen) is worth practically 50 cents.

Size of the industry.—Toilet brushes: There are few toilet-brush manufacturers in the United States and these, aside from four or five concerns, are small in size and production. Twelve million toothbrushes are manufactured annually in the United States, and it is estimated that the annual consumption of toothbrushes in the United States exceeds 40,000,000. Only two toothbrush makers of any importance in the United States, both making specialty brushes.

Paint and varnish brushes: Fifteen million dollars invested; 8,000 or 9,000 employees; \$30,000,000 estimated as the annual business volume.

Comparability.—Toilet brushes: Larger firms make specialty goods which do not come in competition with foreign-made goods to any great extent, whereas the smaller manufacturers are absolutely unable to compete with Japanese-made goods.

Rates suggested.—(Based on foreign valuation).—Toilet brushes, 60 per cent; paint and varnish brushes, 50 per cent; artists' hair and bristle brushes and all other soft hairbrushes, 60 per cent; household and all other brushes, 50 per cent.

Hearings: Pages 4046-4049.

Witness: Mr. George A. Fernley, representing the American Brush Manufacturers' Association.

Costs and selling prices.—Prophylactic toothbrushes retail for from 30 to 35 cents (cut-rate stores?), prewar, 25 cents; Japanese brushes range in price from \$4 and \$5 to \$7 and \$8 per gross; rubber-set toothbrushes retail at 50 cents.

Size of the industry.—There is only one really large American manufacturer of toothbrushes. Domestic output of toilet brushes from 60 factories, at wholesale, is about \$10,000,000 a year. In 1912 there were four or five American factories making toothbrushes.

Comparability.—Japanese toothbrushes are wire drawn. In the prophylactic toothbrush the tufts are separately fastened in the handle by staples.

Rates suggested.—Sixty per cent on foreign valuation or the equivalent on American valuation (toilet brushes).

Witness: Holgate Bros. Co., Kane, Pa. (Brief; no appearance at hearings.)

Remarks.—This concern manufactures brush handles and favors a higher duty on brushes for the reason that if the brush industry is not adequately protected it will affect the brush handle factories.

Hearings: Pages 4032-4034.

Witness: Mr. W. B. Gibson, of G. R. Gibson Co., representing the Brush Importers' Association.

The cost of production in foreign countries has so greatly increased that a rate of 25 per cent on brushes generally will afford more protection to American manufacturers than the rate of 35 per cent formerly afforded.

Prior to 1914 the highly advertised trade-marked toothbrushes produced by the two companies in the United States retailed for 25 and 35 cents. Except in "cut-price" stores in the larger cities it is impossible to-day to buy an American toothbrush for less than 50 cents. The introduction of labor-saving machinery has apparently more than offset the advantage of the cheaper and inferior labor abroad.

The domestic producer pays a duty of about 7 cents per pound of sorted bristles, whereas the importer pays 35 per cent on the bristle in the brush.

A good toothbrush would sell at wholesale in the United States for about \$3 a dozen. This is the article in which the firm is chiefly interested.

Size of industry.—The brush industry in this country has prospered and enjoyed a constant growth. The number of establishments increased from 146 in 1849 to 359 in 1914, and products increased in value from \$1,574,000 to \$17,894,000.

Comparability.—Importations are almost exclusively toilet brushes, practically confined to toothbrushes. The great bulk of toothbrushes imported is of the low-priced grades.

Rates suggested.—If the American-valuation basis is adopted, the duty on tooth and toilet brushes should be made 25 per cent.

On the ground of public policy it might be urged that toothbrushes be placed on the free list.

It is recommended that the duty on toilet brushes, including toothbrushes, be reduced from 35 to 25 per cent ad valorem.

Remarks.—Copies of letters addressed to the chairman of the Committee on Ways and Means from F. W. Woolworth Co., McCrory Stores Corporation, and the American Wholesale Corporation (Baltimore Bargain House) are attached to the brief from which the above is partly abstracted. These letters protest against any increase in the tariff on toothbrushes.

Remarks.—It is claimed that toothbrushes made of celluloid would be dutiable under paragraph 29 of H. R. 7456 at 65 cents a pound and 25 per cent ad valorem as a result of that paragraph providing that all articles composed chiefly of celluloid be dutiable under that paragraph, whether or not more specifically mentioned elsewhere.

Hearings: Pages 4043-4046.

Witness: Dr. Thaddeus P. Hyatt, chairman Oral Hygiene Committee of Greater New York, and in charge of dental department Metropolitan Life Insurance Co.

Costs and selling prices.—A good toothbrush from France will retail at from 15 to 20 cents apiece. Prophylactic toothbrushes (domestic made) cost 40 to 50 cents apiece since the war, and under normal conditions about 25 cents apiece. The witness disapproves of cheap toothbrushes largely used on account of price. The Japanese send "big, unhandy, wide things."

Size of the industry.—There are only two toothbrush manufacturers in America, each manufacturing a specialty.

Comparability.—Only high-priced toothbrushes are produced in the United States; not the cheaper ones.

Rates suggested.—Toothbrushes to be on the free list.

A brief filed by the witness (pp. 4045-4046) emphasizes the recognized importance of mouth hygiene in its relation to health and depreciates any action tending "to increase the cost of the very articles necessary for the maintenance of clean and healthy mouths."

Witness: The Williams Brush Co., Philadelphia, Pa. (Brief; no appearance at hearings.)

Costs and selling prices.—The tariff duty is reckoned as part of the cost of the brush and as such is subject to the same profit as any other item of cost.

The chief item of cost in domestic toothbrushes is neither the material nor the labor, but advertising.

Size of industry.—There are only two concerns in the United States manufacturing toothbrushes. Both manufacture special brands protected by copyrights.

Comparability.—Popular-priced brushes used by the masses can not be produced in America.

Rates suggested.—The brief raises the question whether it would not be advisable to place toothbrushes on the free list. American valuation would raise the tariff between 50 and 60 per cent, thereby ruling out the cheap brush.

The American valuation plan is referred to as abominable.

Witness: The Horner-Kensil Co., Philadelphia, Pa. (Brief; no appearance at hearings.)

Costs and selling prices.—Extravagant advertising makes the price of toothbrushes prohibitive to poor children. They are very unsatisfactory and poor in quality and are produced by a machine, employing very little labor.

Experience in the past has always been that prices vary with changes in the tariff—that cost of production is not considered in the making of schedules.

Comparability.—Inexpensive brushes can not be made in America.

Rates suggested.—The rates as set forth in the Fordney bill on toilet brushes should be sharply revised downward.

Toothbrushes should be permitted to come in free of duty. The brief states that it would be impossible to establish an equitable or satisfactory "American valuation on toilet brushes. They have never been standardized, and can not be, owing to the wide variations of the materials and designs. No two lots are of similar value."

Witness: Charles L. Huisking (Inc.), New York City. (Brief; no appearance at hearings.)

Costs and selling prices.—The prices of brushes are higher than they ought to be and the trend of costs should be down rather than up. An increase in tariff rates would have the effect of arbitrarily increasing the cost to all consumers.

PARAGRAPH 1408.—BRISTLES.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. James H. Preston, representing the William Wilkens Co., Baltimore, Md.

FAVORING LOWER DUTIES:

The American Brush Manufacturers' Association. (Brief.)

Hearings: Pages 4049-4052.

Witness: Mr. James H. Preston, representing the William Wilkens Co.

Costs and selling prices.—American bristles have been so high in comparison with foreign that the cheap foreign article has entirely driven them out of the market.

Size of industry.—The William Wilkens Co., of Baltimore, established in 1848, employs 500 people, and is practically the only American manufacturer of bristles using the American bristle in the United States. At present the company does \$50,000 worth of business per year, but owing to foreign competition the business is in the hands of a receiver. The American manufacture of bristles constitutes only 1 per cent of the total bristle production used in the United States.

Rates suggested.—Seven cents per pound plus 15 per cent ad valorem. An ad valorem duty is necessary because the price varies so much.

Hearings: Page 4042.

Witness: The American Brush Manufacturers' Association. (Brief.)

Rates suggested.—The duty on raw bristles should be made as low as possible to properly take care of the actual expenses incurred by the Government in handling this particular item.

If a duty on bristles is required for revenue purposes, providing the increase in the tariff on manufactured brushes is granted, the present 7 cents per pound specific duty on bristles (sorted, bunched, or prepared) can be continued. (Note.—The present tariff act admits "bristles, crude, not sorted, bunched, or prepared," free of duty.)

PARAGRAPH 1409.—BUTTON FORMS OF LASTING, ETC.

WITNESS.

REQUESTING RECLASSIFICATION:

The Joseph W. Schloss Co., New York City. (Brief; no appearance at hearings.)

Crochet forms should be specifically mentioned in paragraph 1409, as the question has been raised whether the language is sufficiently broad to include this article. It is suggested that there be inserted after "other material" the words "crocheted, woven, or made."

PARAGRAPH 1410.—BUTTONS, VEGETABLE IVORY AND PEARL.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. R. C. Laub, representing the vegetable-ivory button industry. (Brief.)
Mr. Theodore G. Robinson, representing the Ocean Pearl Button Manufacturers' Association, the Mother-of-Pearl Industry Association, and 15 other manufacturers not members of either association. (Brief.)

FAVORING LOWER DUTIES:

Mr. Frank J. Appelbee, representing Appelbee & Neuman (Inc.), New York City.

Hearings: Pages 4053-4060.

Witness: Mr. R. C. Laub, representing the vegetable-ivory button industry. (Brief.)

Comparability.—German and Austrian prices received by cable August 11, 1912:

Plain colors and black (carded and boxed).		Per gross.
Sizes:		
24-line ¹	-----	\$0. 40½
30-line ¹	-----	. 67½
36-line ¹	-----	1. 08
40-line ¹	-----	1. 44
45-line ¹	-----	1. 80
50-line ¹	-----	2. 88

These transpositions were made at \$0.125 per mark, the rate of exchange at time of quotation.

At the present rate of exchange (\$0.004 to the mark) the German and Austrian prices would figure about as below, assuming no advance in mark prices:

Sizes:	Per gross.
24-line-----	\$0. 13
30-line-----	. 22
36-line-----	. 35
40-line-----	. 46
45-line-----	. 58
50-line-----	. 92

¹A "line" is equal to one-fortieth of an inch.

The witness understands, however, that they have advanced about 15 per cent, a negligible factor when considered in dollars.

The latest Italian prices are as follows:

A. Best quality Italian goods, carded and boxed, polished solid colors.¹

Sizes:	Per gross.
24-line-----	\$0.31
30-line-----	.47
36-line-----	.75
40-line-----	.91
45-line-----	1.25
50-line-----	2.28

B. Medium quality Italian goods, carded and boxed, polished solid colors.¹

Sizes:	Per gross.
24-line-----	\$0.31
30-line-----	.47
36-line-----	.67
45-line-----	1.10
50-line-----	1.69

Some Italian manufacturers have already established agents in this country who are quoting the above prices in New York and elsewhere. These prices compared to present domestic average prices for similar classes of goods, namely:

B. Medium and cheaper quality carded buttons against which Italian buttons will compete.

Sizes:	Per gross.
24-line—	
Solid colors-----	\$1.25
Blacks-----	1.00
30-line—	
Solid colors-----	1.50
Blacks-----	1.25
36-line—	
Solid colors-----	1.80
Blacks-----	1.60
40-line—	
Solid colors-----	3.75
Blacks-----	3.25
45-line—	
Solid colors-----	6.00
Blacks-----	5.00
50-line—	
Solid colors-----	9.00
Blacks-----	8.00

A. Fine quality carded buttons, against which German and Austrian buttons will compete.

Sizes:	Per gross.
24-line—	
Solid colors-----	\$1.80
Blacks-----	1.40
30-line—	
Solid colors-----	2.25
Blacks-----	1.75
36-line—	
Solid colors-----	4.10
Blacks-----	3.15
40-line—	
Solid colors-----	5.30
Blacks-----	4.15

¹ 5 per cent less for blacks.

Sizes—Continued.

45-line—

Solid colors.....	Per gross.
Blacks.....	\$7. 25
	6. 00

50-line—

Solid colors.....	12. 30
Blacks.....	9. 90

The labor cost in the manufacture of vegetable-ivory buttons is the largest single item in their manufacture; average costs, made up of 75 per cent labor and overhead as against 25 per cent for materials. The wages paid in the button industry in Germany are generally somewhat lower than those paid in larger industries.

Comparative wages per day of eight hours.¹

Operation.	Germany.		Italy.		United States.
	Marks.	Equi- valent.	Lire.	Equi- valent.	
Turners.....	56	\$0. 70	9	\$0. 36	\$5. 12
Sawyers.....	57	. 71	11	. 44	5. 45
Dyers.....	57	. 71	9	. 36	6. 25
Mechanics.....	55	. 69	9	. 36	6. 35
Hand workers.....	34	. 42	5	. 20	2. 50
Sorters (female).....	34	. 42	5	. 20	2. 50
Foremen.....	100	1. 25	25	1. 20	9. 50
Total.....	393	.....	73	.....	7. 67

¹ For Germany the wages are the highest paid for work similar to the various operations in making buttons; for Italy the wages are those paid in the button industry.

In a general way it can be said that a lot of buttons costing \$100 to produce in the United States to-day can be produced in Germany for the equivalent of \$43.77; a button that would cost \$1 per gross here can be produced in Germany for the equivalent of \$0.347 per gross.

In the United States \$100 worth of buttons equals 771.25 lire (\$30.85) in Italy; a button that would cost \$1 per gross here can be made in Italy for the equivalent of \$0.308.

Size of industry.—Manufacturers of vegetable-ivory buttons in this country give employment to approximately 6,000 people under normal conditions.

Outside of the United States the industry is centered largely in Germany, Austria, Italy, and Japan.

Rates suggested.—Buttons of vegetable ivory and of horn, finished or partly finished, 2 cents per line per gross and 50 per cent ad valorem. Vegetable-ivory blanks not drilled, dyed, or finished, 1½ cents per line and 15 per cent ad valorem. Rates are based on the American valuation. The classification should include horn buttons, as they compete directly with vegetable-ivory buttons.

Remarks.—The control of Tagua nuts was before the war and is again to-day very largely in the hands of European interests. The control of practically all commercial machinery used in the manufacture of vegetable-ivory buttons is in German hands.

An appendix to the brief gives a description of the process of manufacture, wages in various industries in Germany, and prices of commodities in Germany.

Hearings: Pages 4061-4062.

Witness: The Ocean Pearl Button Manufacturers' Association, the Mother-of-Pearl Industry Association, and 15 other manufacturers not members of either association. (Brief.)

Rates suggested.—Buttons of pearl or shell, finished or partly finished, 2½ cents per line per gross and 25 per cent ad valorem; pearl or shell button blanks, not turned, faced, or drilled, 2 cents per line per gross and 25 per cent ad valorem.

Remarks.—The brief cites working conditions in Japan and calls attention to hearings before the Ways and Means Committee and to the report of the Tariff Commission on the button industry. Low as Japanese production costs are, buttons can be produced in Czechoslovakia at practically half the Japanese cost.

Hearings: Pages 4062-4064.

Witness: Mr. Frank J. Appelbee, representing Appelbee & Neuman (Inc.).

Rates suggested (in a brief submitted by the witness).—Paragraph 1410. Buttons of pearl or shell, finished or partly finished, 1 cent per line per gross; pearl or shell button blanks, not turned, faced, or drilled, one-half cent per line per gross.

PARAGRAPH 1411.—BUTTONS, AGATE AND N. S. P. F.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. M. B. Whittemore, representing the Morley Button Manufacturing Co., Portsmouth, N. H., and Boston, Mass.

FAVORING LOWER DUTIES:

Mr. Frank J. Appelbee, representing Appelbee & Neuman (Inc.), New York City.

Hearings: Pages 4065-4068.

Witness: Mr. M. B. Whittemore, representing the Morley Button Manufacturing Co., Portsmouth, N. H., and Boston, Mass.

Costs and selling prices.—Buttons are being imported, laid down here, at 25 cents per great gross. The identical button costs witness's plant over 42 cents to produce. Labor cost in witness's plant is in excess of 50 per cent.

Size of industry.—The company's weekly pay roll, running about one-third capacity, was \$3,800 early in December, 1921.

Rates suggested.—Forty-five per cent on American valuation on buttons not specially provided for.

Remarks.—Witness's plant manufactures buttons entirely of papier-mâché and of fiber products (shoe and clothing buttons).

Hearings: Pages 4062-4064.

Witness: Mr. Frank J. Appelbee, representing Appelbee & Neuman (Inc.).

Rates suggested.—Buttons commonly known as agate buttons, 15 per cent ad valorem; agate button blanks, molds, or parts of agate buttons, 10 per cent ad valorem; the rest of paragraph at the rate provided for in the bill.

(Note.—Paragraph 1411 provides for 15 per cent ad valorem on agate buttons and 38 per cent ad valorem on parts of agate buttons.)

PARAGRAPH 1412.—CORK.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Charles D. Armstrong, representing the Armstrong Cork Co., Pittsburgh, Pa.

FAVORING LOWER DUTIES:

Mr. Junius H. Stone, representing his own interests, New York, N. Y.
Spanish manufacturers and American importers. (A communication from the Spanish Embassy.)

Hearings: Pages 4068-4075.

Witness: Mr. Charles D. Armstrong, representing the Armstrong Cork Co.

Costs and selling prices.—The labor involved in making cork squares is about two-thirds of the total labor cost of the finished cork. Imports of the larger corks in 1918-1920 show an average foreign value of 75 cents per pound. Imports of small corks during 1919 and the first six months of 1920 show an average foreign invoice value of 83 cents per pound. The standard quality crown disk at prewar exchange is valued f. o. b. steamer foreign port at about 85 cents per pound. Imports of cork, artificial or cork substitutes, manufactured from cork waste or granulated cork and n. s. p. f. in 1919 were valued at an average of 66 cents per pound.

The difference in cost of production in the United States and in Spain is due to three factors applying to Spain: (1) Lower cost of raw materials (all exports of bark are taxed 5 pesetas gold per 100 kilos by the Spanish Government); (2) lower overhead and fixed charges; (3) lower labor costs.

Comparison of wages paid in the Armstrong factories located at Pittsburgh and Seville.

	Average rates per week.			Average rates per week.	
	Spain.	United States.		Spain.	United States.
Cork bark sorters.....	\$6.00	\$30.00	Sorters of cork.....	\$3.25	\$15.00
Cork punchers.....	5.00	30.00	Common labor.....	4.50	24.00
Machine operatives.....	3.25	15.00	Boys.....	3.50	15.00

Size of industry.—The cork industry in the United States comprises at least 20 companies with a probable invested capital of over \$15,000,000. These factories employ more than 6,000 operatives.

Rates suggested.—The following changes are recommended; they restore substantially the rates prevailing under the tariff act of August 5, 1909: 1. Cork bark cut into squares, cubes, or quarters, 8 cents per pound. 2. (a) Manufactured cork stoppers over three-fourths of an inch in diameter, measured at the larger end, and (b) manufactured cork disks, wafers, or washers over three-sixteenths of an inch in thickness, 20 cents per pound. 3. (a) Manufactured cork stoppers three-fourths of an inch or less in diameter, measured at the larger end, and (b) manufactured cork disks, wafers, or washers

three-sixteenths of an inch or less in thickness, 25 cents per pound. 4. Cork, artificial or cork substitutes, manufactured from cork waste or granulated cork and n. o. p. f. in this section, 35 per cent ad valorem.¹ 5. Cork insulation, wholly or in chief value of granulated cork in slabs, boards, planks, or molded forms, 35 per cent ad valorem.¹ 6. Cork paper, 35 per cent ad valorem.¹ 7. Manufactures wholly or in chief value of cork or of cork bark or of artificial cork or bark substitutes, granulated or ground cork, n. s. p. f., 35 per cent ad valorem.¹

Remarks.—Cork disks were formerly manufactured in this country in very large quantities, but it has been found more advantageous under the present and preceding tariffs to make them in Spain or Portugal and to import them in finished form. At the present time the cork composition industry is in the primary stage of development.

Cork insulation is the most important item in the cork schedule. A considerable amount of cork paper used for cigarette tips was formerly manufactured in the United States, but the business during the last few years has drifted entirely to Europe.

Hearings: Pages 4075-4085.

Witness: Mr. Junius H. Stone, representing his own interests, New York City.

Costs and selling prices.—Labor costs before the war were \$1.50 to \$1.75 per 10-hour day; since then they have reached \$4 per 8-hour day, and are now down to \$3 per 8-hour day.

Cost of labor in the United States is approximately 1½ cents per square foot; in Spain it is about 0.7 cent per square foot; in United States it is about 25 per cent of the total cost of production; in Spain about 18 per cent. Wages in the United States have dropped 25 per cent from the peak; in Spain about 15 per cent. American labor is more efficient.

Size of industry.—The manufacture of cork insulation forms an important branch of the cork industry.

Rates suggested.—The witness is opposed to assessing duty on American valuation and to an ad valorem duty. He states that the specific duty is better for this item, and suggests three-fourths of 1 cent per pound, which is three times the existing rate.

Remarks.—The witness is interested only in cork insulation, wholly or in chief value of cork waste, granulated or ground cork, in slabs, boards, planks, or molded forms, on which the proposed duty is 25 per cent ad valorem. Cork board is standard insulation throughout the country for cold-storage plants, ice and ice-cream plants, refrigerator cars, etc., and should not be placed on the same basis as cork paper for cigarette tips, fishing-rod handles, and other similar articles, but on a basis with lumber, for which it is a substitute. A comparatively small ice or cold-storage plant will take 100,000 to 250,000 board feet of this insulation, while in a single large plant in New York there is installed between 2,000,000 and 3,000,000 board feet.

The duty suggested would afford ample protection to American industry, produce the largest possible revenue, and protect American users of the product from unreasonably high prices.

¹Ad valorem rates recommended are based on foreign invoice or market values, as in the tariff of 1913, now in force.

The domestic industry is so dominated by one company as to be a virtual monopoly, with competition only from foreign sources, and the proposed rates will prohibit any large imports of this material. Also, with an ad valorem rate, based on American valuation, this dominant company could cause importers to pay increased duties by artificially increasing the price throughout the country when shipments are received, and then drop back to the previous price when the duty has been assessed at the higher valuation.

Spanish manufacturers and American importers, in a communication addressed to the Spanish Embassy at Washington and transmitted to the Finance Committee by the Department of State:

Costs and selling prices.—Composition disks are made in the United States at a very low cost with modern machines by patented processes, so that no artificial disks are imported from Spain or other countries. The advantage derived by Spanish manufacturers from their cheaper labor is greatly offset by the considerably higher efficiency of the American workman, the lower cost of fuel, and the highly developed American machinery. Labor in the cork industry in Spain has advanced more than 100 per cent against prewar times, and it is not probable that wages can be reduced again. Prices for cork board before the war, when there was competition from Europe, were about 4 to 5 cents a square foot. Prices were raised during the war to 18 cents until imports from Spain brought the price back to about 7 cents, now ruling.

Size of industry.—Reliable figures give the consumption of cork board in the United States as 70,000,000 to 80,000,000 square feet a year. The manufacture of cork board in the United States is a practical monopoly, there being one dominating manufacturer, the Armstrong Cork Co., which manufactures approximately 60 to 70 per cent of the cork board used in the United States. Two other small concerns divide the remaining business between them, with the exception of about 7,000,000 square feet imported from Spain.

Rates suggested.—The only one way to be fair to the importer is to leave the duty on cork board a specific one. In the hearings before the Committee on Ways and Means it was stated by one of the witnesses that a specific duty of three-fourths cent per pound will more than compensate the difference in labor, but he failed to take into consideration that the Spanish-made cork board must be sent in crates, the cost of which alone amounts to about one-half cent a square foot. The duty on cork disks, washers, or wafers should be maintained at the actual duty of 15 cents a pound. The duty on cork board and cork tile should be altered from one-fourth cent to three-fourths cent per pound.

Remarks.—The importation of bottle corks has considerably decreased, owing to prohibition. A comparatively good business is still done in cork disks, of which only the very best grade is imported, the sale of the lower grades being rendered impossible through the high duty of 15 cents per pound weight. The importation of high-grade disks is now on the decline, as artificial cork disks made out of cork waste have taken the place of the natural. The export duty on the raw material, cork bark, is a nominal one, having been recently reduced to only one-fourth cent per pound.

PARAGRAPH 1414.—DOLLS AND TOYS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Alfred C. Gilbert, representing the Toy Manufacturers of the United States of America (Inc.).

Mr. Robert H. McCready. (Brief.)

Mr. W. H. Fulper, representing the Fulper Pottery Co., Flemington, N. Y.

Hearings: Pages 4085-4094.

Witness: Mr. Alfred C. Gilbert, representing the Toy Manufacturers of the United States of America (Inc.).

Costs and selling prices.—An assortment of toys (exhibit) was sent from Germany with all charges paid for \$1. The same set could not be reproduced here for \$75.

Air rifles, German-made (exhibits), retail in Germany for 18 marks, 35 marks, and 100 marks.

Trolley car (exhibit), German-made, bought at retail in New York for \$2.45; in Chicago, for 97 cents. Trolley car, American-made, will retail at not less than \$3.

Tea set (exhibit), domestic price, \$45 per gross; import price, \$33 per gross.

Trains, German-made, landed for \$1.09, sold for \$2.50 to \$3. American make, comparable, sold for \$2.75.

Size of industry—

Firms making dolls in United States:

1913.....	14
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1920.....	142
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Doll manufacturers, 1920.....	134
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Of whom only 12 are left to-day.

Toy manufacturers:

1914.....	290
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1920.....	1,800
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Employees, 1920.....	40,000
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The educational toy is a comparatively new industry, developed by American toy manufacturers.

Comparability.—Germans specialize a great deal in what is called the trashy type of toy. Americans specialize in what is called the educational toy.

Rates suggested.—A tariff of at least 70 per cent on foreign value or a corresponding rate, not less than 40 per cent, on American value.

Remarks.—A brief of Mr. Robert H. McCready, filed by the witness (p. 4095), includes the following data on competitive conditions in Germany:

Sonneberg district, where cheap toys are made, wages October 1, 1921: Basic or minimum wage, per hour.—Men 25 years of age, 9.15 marks; women 22 years of age, 4.50 marks. Percentages are added for increased age, up to 30 years; for each year of service up to 5 years; also for married men or women who support some one besides themselves. Pieceworkers must be guaranteed 25 per cent above the basic wage.

Nuremberg, metal and other toys of more expensive type: The October scale basic wage ranged from 7 to 9 marks an hour. Foremen had a basic wage, August, 1921, of 1,850 marks a month; superintendents, August, 1921, 2,100 marks a month.

Hearings: Pages 4096-4098.

Witness: Mr. W. H. Fulper, representing the Fulper Pottery Co., Flemington, N. Y.

Costs and selling prices.—Hand labor enters into the cost of production to the extent of 75 per cent. A brief submitted by the witness gives the firm's wholesale price for doll heads as 316 per cent above the German. The firm's extreme price is 253 per cent higher than the German prices cited below.

Prices of German samples.

Their numbers.	Wholesale price per dozen.	Compares with our number.	Our best wholesale price per dozen.	Our extreme manufacturers' price per dozen.
390/1.....	\$3.00	40	\$9.00	\$9.20
390/2.....	3.60	1	11.25	9.00
390/5.....	5.50	2c	15.75	12.60
390/6.....	6.25	2b	20.25	16.20
390/8.....	9.50	2a	27.00	21.60

Size of industry.—The firm's maximum production of doll heads on March 12, 1920, amounted to 1,250 heads per day. None have been made since October, 1920. The firm has spent approximately \$100,000 in making possible the manufacture of bisque doll heads in America.

Comparability.—The quality of American bisque doll heads is recognized by experts as being at least equal to the best made. Other foreign makes are not in any way comparable in quality to the German heads, being inferior in finishing and decoration.

Rates suggested.—It is requested that the Treasury decision which permits bisque doll heads to come in under the paragraph on toys and parts of toys at a duty of 35 per cent instead of 55 per cent under paragraph 80 of the present law relating to Parian and bisque wares be set aside or that the rate in paragraph 1414, H. R. 7456, be made 55 per cent on American valuation. A rate of 40 per cent on American valuation would not be sufficient. Dolls with bisque heads should have a protection of 55 per cent on American valuation.

The following data are abstracted from a brief filed by the company:

Foreign-made bisque figures, statuettes, porcelain lamps, and similar articles are offered in the American market for one-half the American cost of production. Cheap foreign labor is assisted by cheap money under present exchange conditions.

The manufacture was begun in America about the middle of 1919, many thousands of heads being destroyed during the education period. Of 100 or more doll factories in 1920, there are now a bare half dozen, and not one bisque doll head is being produced, and this although America is the only country able to make doll heads equal in quality to the German. High ceramic ability and artistic skill are necessary to produce doll heads.

The brief asserts that to make the foreign article in this class competitive with similar American-made articles, assessing duty on the foreign value, an ad valorem duty running into many hundreds per cent would be required, eventually acting as an embargo.

PARAGRAPH 1415.—ABRASIVES (CRUDE ARTIFICIAL ABRASIVES).

WITNESSES AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Robert MacDonald, representing the General Abrasive Co., Niagara Falls, N. Y.

FAVORING LOWER DUTIES:

The Manufacturers' Association of Bridgeport, Conn. (Brief.)

The Grinding Wheel Manufacturers' Association. (Brief.)

Hearings: Pages 4098-4103.

Witness: Mr. Robert MacDonald.

Costs and selling prices.—The European manufacturer can sell crude and artificial abrasives in this country for less than it costs to produce them here. The American manufacturer must pay twice as much for bauxite at the mines as the European manufacturer and in addition must pay more than twice as much for freight. Crude artificial abrasive from Switzerland in 1915 was sold for \$56 a ton in New York. It is still marketed in this country. To produce a similar article here costs \$75. Abrasive grains of another foreign manufacturer are offered at 6½ cents per pound, 1½ cents less than the American manufacturer can sell for. In 1920 the cost of manufacturing crude artificial aluminous abrasive in Canada was \$65 a ton, in the United States \$75 a ton. About 65 per cent of the cost is in making the crude abrasive, and 35 per cent in reducing it to the granular form.

Size of industry.—Output is estimated at \$60,000,000 a year. Employees number about 25,000. It is of recent development, having had its principal growth in the past 20 years. Abrasive products are necessary in practically all mechanical industries.

Comparability.—European manufacturers have advantages of raw-material supply near point of manufacture, cheap power, and cheap labor. American manufacturers face long hauls for raw material, as the plants must be located where power is cheap. Domestic wages are higher without greater efficiency, as the labor is of the unskilled class.

Rates suggested.—Twenty per cent ad valorem on crude artificial abrasives. The rate of 5 per cent on crude artificial abrasives is too low to protect the American manufacturer. It is out of proportion to the rate of duty specified on emery and carborundum grains and on grinding wheels. Five per cent on the average cost of imported crude artificial abrasives amounts to about four-tenths of 1 cent per pound. A specific duty of \$20 per short ton on abrasive grains has been in effect under the Payne-Aldrich tariff bill. Abrasive grains are simply crude abrasive broken into granular form.

Remarks.—Three American manufacturers of grinding wheels have formed Canadian companies to manufacture crude artificial corundum in that country, the output being used principally by these three companies and not generally distributed among the

grinding-wheel makers of the United States. They enjoy lower power and other costs in Canada. They are opposing any duty on crude artificial abrasives in the name of the Grinding Wheel Manufacturers' Association, and appeared before the Ways and Means Committee for that purpose. The witness states that, as a matter of fact, the majority of the more important members of the Grinding Wheel Manufacturers' Association favor a reasonable tariff on crude artificial abrasives in order that a domestic supply of their raw material may be protected and developed. In France and Austria there are enormous deposits of high grade bauxite, the principal raw material. In this country bauxite is found in commercial quantities only in Arkansas and Georgia.

A duty on the crude artificial abrasives would not result in increased prices, but would merely help place the American manufacturer more nearly on an equality with his European competitor. A duty would not unjustly affect the Canadian plants of these companies, as they enjoy lower power and other costs.

Witness: The Manufacturers' Association of Bridgeport, Conn. (Brief; no appearance at hearings.)

Rates suggested.—Crude artificial abrasives should remain on the free list.

Remarks.—Bauxite, mined, crushed, and calcined in Arkansas, is shipped to the Canadian side of Niagara Falls, where it is reduced to crude artificial abrasive by electric furnaces, which are in fact departments of large American industries. Manufacturers and users of abrasive grains would be forced to bear the burden, directly or indirectly, if crude artificial abrasives were removed from the free list. Approximately 75 per cent of the crude artificial abrasives used in the United States are made in Canada from American materials and with American capital. The location of electric furnaces on the Canadian side of Niagara Falls was a war necessity rather than a manufacturers' choice. Fully ten times more labor is required in manufacturing abrasive grains in the refining plants located in the United States than is employed in the electric furnace departments in Canada. Both domestic and foreign trade would be injured by the proposed tariff.

Witness: The Grinding Wheel Manufacturers' Association. (Brief; no appearance at hearings.)

Size of industry.—The grinding-wheel industry of the United States comprises 27 plants, whose manufactured products in 1920 amounted to over \$28,000,000. The principal raw material is crude artificial abrasive. It can be economically produced only where cheap electric power is obtainable in large quantity. It was impossible, during the war, to increase electric furnace production at Niagara Falls, N. Y., or elsewhere in the United States, to meet the demands of munition manufacturers in the grinding of guns, shells, airplane and automobile parts, railroad equipment, etc. The American abrasive manufacturers were therefore obliged to expand their electric furnace departments on the Canadian side, where there was a surplus of electric power.

Rates suggested.—The only suggestion for a tariff comes from a single manufacturer of abrasives whose output represents less than 5 per cent of the total used in the industry. The other 95 per cent,

together with the 27 manufacturers of grinding wheels and the 9 manufacturers of abrasive paper and cloth, are unanimous in supporting the petition that the raw materials of this industry should not be taxed unless all raw materials are to be taxed for revenue purposes.

PARAGRAPH 1415.—ABRASIVE PAPERS AND CLOTHS.

WITNESSES.

FAVORING PROPOSED OR HIGHER DUTIES:

The American Glue Co. and others. (Brief; no appearance at hearings.)

Rates suggested.—The only specific mention of abrasive paper in previous tariff bills was in the act of 1913, which made emery paper dutiable at 20 per cent; this is only one of 10 to 15 kinds of surface-coated abrasive papers and cloths. The following is a list of abrasive papers and cloths manufactured in this country. Emery cloth, emery paper, flint cloth and flint paper, garnet cloth and garnet paper, flint, emery and garnet polishing paper, glass paper, artificial cloth and paper, i. e. cloth or paper coated with artificial abrasives, chalk flint cloth and paper, and crocus cloth.

The foregoing enumerated abrasive surface coated papers and cloths should be dealt with as a unit and subjected to a duty of 25 per cent. A separate paragraph should be inserted as follows:

All papers, cloths, or combinations of paper and cloth, wholly or partly coated, with artificial or natural abrasives, or a combination of natural or artificial abrasives, 25 per centum ad valorem.

If the American valuation plan is not adopted, the rate of duty should be 35 per cent.

Remarks.—The Board of General Appraisers under the act of 1909 classified sandpaper as surface-coated paper and it has been, since that time, so classified and treated.

The act of 1909, paragraph 411, imposed a duty of 5 cents per pound on "papers with coated surface or surfaces n. s. p. f."; the act of 1913, paragraph 324, a duty of 35 per cent; and H. R. 7456, paragraph 1305, a duty of 5 cents per pound. Abrasive cloths, since the tariff act of 1897, have been classified as "manufactures of cotton or of which cotton is the component material of chief value, n. s. p. f."

The act of 1909, paragraph 332, imposed a duty of 45 per cent on "manufactures of cotton or of which cotton is the component material of chief value"; the act of 1913, paragraph 266, a duty of 30 per cent; and H. R. 7456, paragraph 920, a duty of 28 per cent.

PARAGRAPH 1417.—MATCHES.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Fred Fear, representing the Match Manufacturers' Traffic Bureau, New York City.

FAVORING LOWER DUTIES:

The Vulcan Match Co. (Inc.), New York City. (Brief.)

Hearings: Pages 4106-4112.

Witness: Mr. Fred Fear.

Costs and selling prices.—During the war period matches were imported and sold here as low as 25 cents per gross of 144 boxes, duty

paid. To-day's price for the same matches is \$1 per gross. The witness had been informed that these same matches are selling in Sweden, although manufactured there, at \$1.40 per gross.

Size of industry.—Capital \$50,000,000; employees, about 12,000; production in 1920, 25,480,000 gross. During the past 20 years about 300 to 400 match companies have begun operations, but the actual number now in business does not exceed 20.

Comparability.—Comparative costs are difficult. Foreign matches are all packed in small boxes containing between 50 and 60 matches, whereas American matches are packed in large boxes containing 400 to 500 matches; nor are foreign manufacturers able to produce a satisfactory American-type match. However, because of cheap labor and raw materials it is possible for foreign matches to be imported and to undersell domestic matches. Foreign manufacturers could lay down matches here to-day for 15 cents per gross of 144 boxes. The same number of American-type matches would cost to produce here 70 to 90 cents. Although foreign matches could be laid down at 15 cents it is not being done, as the foreign manufacturer is getting larger profits and selling them for 50 to 75 cents with the help of the present low tariff.

Rates suggested.—Twenty-five cents per gross boxes on boxes containing 100 matches or less, and 3 cents per thousand matches on boxes containing over 100 matches.

Remarks.—The witness states that increased rates are necessary in the interests of the smaller companies which he represents; that the large company, the Diamond Match Co., would not be affected by any change in tariff, because, with its foreign connections and domestic facilities, it could either import matches or manufacture them here. An increased duty would help the smaller companies, but would not increase the cost to the consumer, nor would it result in the withdrawal of the 1-cent box of matches. It would also result in larger revenue to the Government.

The American companies are now all making a high-grade standard match, a product developed by scientific research and practical experience. It has been designed to conform to all fire-prevention laws, is the safest match in the world from a fire-hazard standpoint, and since 1913 all domestic matches have been of nonpoisonous materials.

Competition is feared chiefly from the Scandinavian countries and Japan. Sweden is a match-making country, its association with Germany insuring an ample supply of potash and nearness to Russia affords a supply of suitable timber. Japan has very cheap labor, is able to draw on eastern Russia for timber, and is herself a producer of potash.

Witness: The Vulcan Match Co. (Inc.), New York. (Brief; no appearance at hearings.)

Costs and selling prices.—The price of Swedish matches in Sweden and in the United States is relatively the same according to freight, etc., expenses involved, no advantage in price being obtained in either country.

Size of industry.—Statistics show that during the last 10 years the largest yearly importation of Swedish safety matches into the United

States amounted to less than \$2,000,000, while during the same single year domestic manufacturers produced matches to the value of \$23,000,000.

Comparability.—The Swedish safety match is not in competition with the usual so-called American "strike-anywhere safety match," which is packed in large boxes containing 400 to 500 sticks. The Swedish match is packed 60 sticks to the box.

Remarks.—The Swedish safety match is used in a limited field in the United States, being principally adopted by smokers and persons compelled to carry small quantities of matches about their persons. For years, and at the present time, the raw materials, consisting of chemicals, glue and paraffine wax, have practically all been imported from the United States by Swedish manufacturers.

PARAGRAPH 1418.—BLASTING CAPS.

WITNESSES.

FAVORING PROPOSED OR HIGHER DUTIES:

The Atlas Powder Co., Wilmington, Del. (Brief.)
The California Cap Co. (Brief.)

Witness: The Atlas Powder Co., Wilmington, Del. (Brief; no appearance at hearings.)

Rates suggested.—The duty on quicksilver has been increased in H. R. 7456 to 35 cents per pound. Fulminate of mercury, a product of quicksilver, is on the free list, paragraph 1516. Theoretically, 1 pound of quicksilver gives a return of 1.42 of fulminate, but from a practical standpoint 1 pound of fulminate requires eight-tenths of a pound of quicksilver. The duty on quicksilver being 35 cents per pound, eight-tenths of this amount, or 28 cents, should apply to mercury detonators or blasting caps for each pound of fulminate of mercury. Two pounds of fulminate of mercury are required to manufacture 1,000 detonators or blasting caps; the proposed duty on blasting caps should, therefore, be increased to the full extent of the increase on quicksilver by adding 56 cents per 1,000 to \$2.25, making the base duty about \$2.75 per 1,000.

Witness: The California Cap Co. (Brief; no appearance at hearings.)

Costs and selling prices.—The standard 1-gram cap, known as No. 6 strength, is now selling throughout the United States at an average list price of \$2.50 per 1,000 less than during the war. Prices of other grades have also been reduced in proportion to the weight of explosive charge.

Quicksilver can be obtained to-day at around \$60 per 75-pound flask—less than it could be bought for during the war.

Rates suggested.—If the proposed advance in duty on quicksilver is retained, fulminate of mercury, 73 per cent of which is quicksilver, should be taken from the free list and made dutiable at seventy-three one-hundredths of 1 cent for each 1 cent advance in the rate of duty on quicksilver, or $0.73 \times (35 \text{ cents, the proposed rate, } - 7 \text{ cents, the equivalent specific duty of 10 per cent ad valorem in the 1913 act}) = 0.73 \times 28 = 20.4 \text{ cents}$. For blasting caps containing not more than 1-gram charge the duty per 1,000 caps should be increased 1.37 cents

for each 1 cent advance in the duty on quicksilver, and for blasting caps containing more than 1-gram charge the duty per 1,000 caps should be increased sixty-eight one-hundredths cent for each additional $\frac{1}{2}$ -gram charge for each 1 cent advance in the duty on quicksilver.

Remarks.—There are 1.37 pounds of quicksilver in 1,000 1-gram blasting caps. Much more quicksilver is consumed in the manufacture of fulminate of mercury than in any other industry in which the metal is used. It is estimated that over 70 per cent of the quicksilver consumed in the United States goes into the manufacture of fulminate of mercury for blasting caps and ammunition. The fulminate is the principal explosive ingredient to the extent of 80 per cent, both in blasting caps for miners' use and in percussion caps for ammunition. To make 1,000 No. 6 caps requires 2.78 pounds of copper and 1.38 gallons of alcohol.

PARAGRAPH 1418.—MINING, BLASTING, OR SAFETY FUSES.

WITNESSES.

FAVORING LOWER DUTIES:

The Sterling Hardware Co. and the Sterling Mine Supply & Manufacturing Co. (Joint brief; no appearance at hearings.)

Rates suggested.—It is stated that a reduction of 50 per cent of the proposed duty would still protect the American manufacturer of fuses.

Remarks.—There is only one manufacturer of mining, blasting, or safety fuses in the United States, the Ensign-Bickford Co., Simsbury, Conn.; it has patented the necessary machinery for the manufacture of the fuse in question.

PARAGRAPH 1419.—NATURAL LEAVES, SHRUBS, PLANTS, HERBS, TREES, * * * CHEMICALLY TREATED, COLORED, DYED, OR PAINTED, N. S. P. F.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Hon. Andrew J. Hickey, M. C., eighteenth Indiana district, representing the Ove Gnatt Co. (Inc.), LaPorte, Ind., manufacturers of prepared foliage.

Hearings: Pages 4112-4115.

Costs and selling prices.—Wages here are five to ten times higher than in foreign countries. Domestic manufacturers are under large transportation expense, both inland and ocean, for raw material. Many of the plants used are natives of the Old World. Imports are now being made at prices much lower than the domestic cost of production; in the case of oak, beech, and ruscus leaves, imported from Germany and Italy. 50 per cent to 75 per cent lower.

Size of industry.—The industry in this country is new, having been started by Mr. Gnatt in 1913. At present more than 2,000 employees are directly dependent on it, while many others are indirectly benefited. The annual consumption of the more important classes approximates as follows: Oak leaves, 400,000 pounds; beech leaves, 150,000 pounds; cycas leaves (palm leaf from Japan and Formosa).

3,000,000 leaves; lycopodium, or ground pine, 500,000 pounds; ruscus (native to Italy, Switzerland, and France), 400,000 pounds; magnolia leaves, 1,000,000 pounds.

Comparability.—The domestic industry can successfully meet the demands, and did so during the war, when no imports were received.

Rates suggested.—Sixty per cent to 70 per cent ad valorem on American valuation.

Remarks.—These articles were not specifically provided for in the 1913 tariff, but were held dutiable under paragraph 347 at 60 per cent ad valorem.

Prepared foliage is used chiefly for funeral purposes, Christmas foliage, baskets, and novelties.

PARAGRAPH 1419.—PLUMAGE.

WITNESS, AND INTEREST REPRESENTED.

FAVORING RESTRICTIONS ON THE IMPORTATION OF CERTAIN PLUMAGE:

Mr. Frederick M. Czaki, representing the Millinery Chamber of Commerce of the United States, New York City.

Hearings: Pages 4125–4131.

Remarks.—The brief is in support of the amendment adding birds of paradise to the class of plumage, the importation of which is prohibited, and which shifts the burden of proof of lawful possession to the possessor of prohibited plumage in seizure or forfeiture proceedings.

PARAGRAPH 1419.—FEATHERS AND ARTIFICIAL FLOWERS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Jacob de Jong, representing the Association of Flower and Feather Manufacturers of America, New York City.

FAVORING LOWER DUTIES:

Mr. Samuel Zucker, representing importers of artificial flowers and feathers, New York City.

Hearings: Pages 4123–4125.

Witness: Mr. Jacob de Jong, representing the Association of Flower and Feather Manufacturers of America, New York City.

Costs and selling prices.—Mr. de Jong exhibited a number of foreign-made articles showing the foreign price and the name of the manufacturer.

Comparability.—The witness claimed that the samples exhibited by Mr. Zucker (as below) were not articles of general importation.

Hearings: Pages 4115–4123.

Witness: Mr. Samuel Zucker, representing importers of artificial flowers and feathers, New York City.

Costs and selling prices.—The witness left with the committee a number of exhibits showing foreign cost, landing price, and conditions under which the goods were bought.

Attention was called to one exhibit, costing \$9 a dozen to lay down, which was copied by a domestic manufacturer and sold for \$5.25.

Take, again, an article costing \$4 a dozen in Germany, with a 60 per cent duty (\$2.40) plus landing charges (60 cents), total, \$7 a

dozen. The selling price of \$10.50 a dozen, less customary discount, makes \$9.66 a dozen net. Under the suggested American valuation plan, it is claimed that a duty of \$7.50 would have to be paid, plus landing charges (60 cents), making the total cost \$12.10 net; the selling price would be \$15, less discount, or \$13.80 net.

The Germans have had about four advances in wages; the minute the mark decreases the German raises his prices.

Comparability.—Merchandise that can be imported profitably in large quantities in competition with that of domestic manufacturers must be largely confined to such articles as forget-me-nots, lilacs, lilies, small fruits, etc. The larger flowers, such as roses, poppies, Camellias, gardenias, etc., are more likely to be of domestic manufacture. What is made in this country can not be imported at anything near the home price; what is imported can not be made here at any price.

Rates suggested.—The present rate of 60 per cent based on foreign valuation should not exceed 15 per cent.

Remarks.—It was stated by the manufacturer who had copied the foreign article that it represented an extreme case.

PARAGRAPH 1420.—DRESSED, DYED, AND MANUFACTURED FURS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Brief submitted by Messrs. Samuel Ullman and Edward Fillmore in behalf of the Board of Trade of the Fur Industry of the city of New York, composed of the Fur Merchants' Association, Fur Dressers and Fur Dyers' Association, and the Associated Fur Manufacturers (Inc.), and other associations.

FAVORING LOWER DUTIES:

Mr. H. L. Allen, attorney, representing the Furriers' Association of France, the Professional Union of Tanners and Dyers of France and Belgium, and the Belgian Union of Fur Cutters.

Hearings: Pages 4131-4135.

Witness: Brief submitted by Messrs. Samuel Ullman and Edward Fillmore in behalf of the Board of Trade of the Fur Industry of the city of New York, and other associations.

Rates suggested.—If the American valuation plan is adopted, the rates provided for in the proposed bill would amply protect the American manufacturer. In case the American valuation plan is not adopted, the rates should be increased proportionately in order that the American manufacturer may receive the proper protection against European competition.

Remarks.—Reference is made to a brief filed with the Ways and Means Committee, in which more detailed facts are given.

Hearings: Pages 4135-4143.

Witness: Mr. H. L. Allen, attorney, New York City, representing the Furriers' Association of France, the Professional Union of Tanners and Dyers of France and Belgium, and the Belgian Union of Fur Cutters.

Costs and selling prices.—While a difference in wages does exist, it is not as great as before the war, and the output of the European workman is far below that of the American. The actual labor cost is not known.

Size of industry.—According to statistics given before the House committee, the value of rabbit skins dyed in the United States in 1920 was \$203,095, while the value of all kinds of furs dyed during the same year was \$52,910,589.

Comparability.—No rabbit skins are produced in the United States suitable for the manufacture of imitation furs or for the production of hatters' furs.

Rates suggested.—On paragraph 1420: Pelts of rabbits dressed on the skin, but not advanced farther than dyeing, 15 per cent ad valorem. Rabbit skins now included with rare furs to be subject to a special classification.

On paragraph 1421: Hatters' furs, including fur skins, carroted, 10 per cent ad valorem.

PARAGRAPH 1421.—HATTERS' FUR.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Aaron Naumburg, representing the hatters' fur industry of the United States.

FAVORING LOWER DUTIES:

Mr. H. L. Allen, attorney, representing the Furriers' Association of France, the Professional Union of Tanners and Dyers of France and Belgium, and the Belgian Union of Fur Cutters.

Hearings: Pages 4143-4145.

Witness: Mr. Aaron Naumburg, representing the hatters' fur industry of the United States.

Costs and selling prices.—The total amount of hatters' fur going into a finished hat represents less than 10 per cent of its selling price in the store.

Size of industry.—The 17 firms presenting the brief filed by the witness represent fully 75 per cent of all the manufacturers of hatters' fur in the country.

Rates suggested.—A rate of 22 per cent ad valorem on the basis of American valuation or 35 per cent ad valorem on the foreign-value basis. These rates are based on the assumption that raw materials (rabbit skins) will remain on the free list. It was urged that the classification of hatters' fur as provided for in H. R. 7456 be retained, as it does not properly fit in with other furs.

Remarks.—All of the raw material (rabbit skins) is imported. The skins come almost exclusively from animals not indigenous to North American climates, nor has it been possible to breed the animals in this country and at the same time retain the commercial characteristics of the fur proper (fiber).

The details concerning the industry were gone into extensively before the Ways and Means Committee and can be found on pages 3295-3300, Part V, Hearings on General Tariff Revision, 1921.

Hearings: Pages 4135-4143.

Witness: Mr. H. L. Allen, attorney, representing the Furriers' Association of France, the Professional Union of Tanners and Dyers of France and Belgium, and the Belgian Union of Fur Cutters.

(For digest of testimony, see par. 1420.)

PARAGRAPHS 1424 AND 1426.—HUMAN HAIR AND HAIR PRESS CLOTH.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Charles C. Tompkins, representing J. T. Perking Co. (Inc.), Brooklyn, N. Y.; the Sugden Press Bagging Co.; and the Oriental Textile Mills.

Hearings: Pages 4145-4148.

Size of industry.—The companies filing brief have about \$5,000,000 invested in plants.

Rates suggested.—Raw human hair to be given a rate on a parity with camel's hair, raw. (Par. 1101, camel's hair, raw, 7 cents per pound.) Human-hair press cloth to be given a duty of 50 per cent ad valorem.

Remarks.—The witness states that all human hair is imported, and that practically all of it is used in the manufacture of hair press cloth. This hair press cloth is the principal competitor of camel's-hair press cloth, and the hair should, therefore, be given a duty that would place it on a parity with the camel's hair. Such a duty on raw human hair would also justify and require a compensatory duty on hair press cloth of 50 per cent ad valorem.

The companies represented by the witness are manufacturers of camel's-hair press cloth, and two of them also manufacture human-hair press cloth.

PARAGRAPH 1427.—FUR FELT HATS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING LOWER DUTIES:

Mr. Edward W. Bill, representing Bill & Caldwell and William C. Hesse, wholesale importers. (Brief.)

Mr. Wm. V. Campbell, chairman National Association of Fur and Wool Felt Manufacturers. (Brief.)

Hearings: Pages 4148-4153.

Witness: Mr. Edward W. Bill. (Brief.)

Costs and selling prices.—Costs of hats since 1913 have advanced much faster in England than in the United States. An English manufacturer states, in a cable: "To-day's prices 160 per cent over 1913"; another states, "Price of 6142 is 200 per cent higher than October, 1913."

The price to-day of domestic-made hats shows no such advance since the enactment of the tariff of 1913. One notable domestic hat shows to-day an advance of only 80 per cent over the price of 1913. Another well-known make shows an advance at to-day's price of not more than 33 to 40 per cent since 1913.

An Italian manufacturer cabled regarding a representative hat in his line: "Price is 105 per cent higher than October, 1913, on gold basis."

The advance on hats from Czechoslovakia runs from 75 to 100 per cent, gold basis.

Foreign advances are even more, because of the very large increase in the cost of packing and expenses to land the goods in America. The cost of packing, cases, and cartons is not included in the cost

price of imported hats, as is the custom on domestic merchandise. In practice, it costs \$6 to cover expenses and to land in New York one dozen hats from Italy or Czechoslovakia.

The witness believes that questions of exchange are not to be considered in this connection. To show that no advantage has been gained because of exchange depreciation, the following cables were cited:

"October, 1913. French hat cost in France 7.50 francs, exchange at par equals \$1.45.

"October, 1921. The identical hat cost in France 39.50 francs; exchange at 7.50 cents equals \$2.96."

Every hat bought abroad must be bought in American dollars.

Peschel velours, 1913, quality L, 87 kronen (20 cents to a krone) equals \$17.40 gold basis. Peschel velours to-day, quality L, \$30.

One domestic maker seems to have put a value of \$18 a dozen on his name, another \$9 a dozen. Knox advertisement sent out September, 1921:

"Knox, extra quality, \$58.50 lined. Also make this with merchant's name only, lined, \$40.50." Stetson's price list:

Fall 1921—select \$51, chamois, \$48. "The chamois quality, which does not contain the Stetson name, has been reinstated in stiff and soft hats at \$48 per dozen.

Size of industry.—Ratios of imports to domestic production:

	Per cent.
1904 -----	0.32
1909 -----	.81
1914 -----	1.23
1919 -----	.58

Value of production in the United States:

1914 -----	\$37,000,000
1919 -----	82,745,000
1920 (estimated) -----	100,000,000
Imports -----	1,159,000
Exports -----	3,145,000

Comparability.—The claim had been made by manufacturers that the wording of the schedule was necessary to cover the higher-priced hats, velours, which are imported in large part from Czechoslovakia. It is pointed out, in reply, that the domestic manufacturers say the higher-priced hats are not made in this country to any great extent, at least the very fine hats of Austria.

There are not and never have been any points of comparison between a domestic hat and a foreign hat. They are entirely dissimilar, as the present duty effectually prevents the sale of foreign hats on a competitive basis.

Rates suggested.—Rate not to exceed 45 per cent, based on foreign valuation. A compound duty on fur-felt hats is entirely unworkable. The straight ad valorem method of assessment is easy of administration. No man, no matter how expert he may be, except the man who actually makes the hat, can accurately judge the value. Some of them can not tell within \$6 a dozen; others say within \$3 a dozen. An examiner in the appraisers' stores will be called upon to say whether a certain importation is worth \$35.90 or \$36.10 per dozen. This means a difference of \$3 in the duty under the bill.

Hearings: Pages 4153-4154.

Witness: Mr. William V. Campbell, chairman National Association of Fur and Wool Felt Hat Manufacturers. (Brief.)

The company regards it as essential to oppose a suggested tariff duty upon raw skins, imported for the sole purpose of cutting hatters' fur, and a cognate proposal to reduce the duty on cut fur. Hatters' cut fur needs all the protection that has been asked for, as the entire cost of transformation is one of labor.

The brief points to the keen competition from Italy, Austria, Czechoslovakia, France, and England, and to the advantages enjoyed by those countries in regard to raw material. The company is in favor of American valuation of imports.

PARAGRAPH 1428.—JEWELRY.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

The New England Manufacturing Jewelers' and Silversmiths' Association. (Brief.)

FAVORING LOWER DUTIES:

Mr. David J. Gallert, representing novelty jewelers, New York City.

Hearings: Pages 4154-4156.

Witness: Brief of the New England Manufacturing Jewelers' and Silversmiths' Association. (Brief.)

Costs and selling prices—

No. of exhibit.	Description.	Where made.	Unit.	Actual cost of production.	Laid down in U.S. duty paid.
No. 25a.	Whitestone bar pin.....	Rhode Island.....	Gross.....	\$34.00	.....
No. 25b.	do.....	Czechoslovakia.....	do.....		\$13.60
No. 26a.	White blue stone bar pin.....	Rhode Island.....	do.....	58.00	.....
No. 26b.	do.....	Czechoslovakia.....	do.....		18.00
No. 27.	Whitestone brooch.....	do.....	do.....		5.23
No. 28.	Fancy brooch stone set.....	do.....	do.....		5.00
No. 29a.	Silver-plated unsoldered mesh bag.....	Massachusetts.....	Each.....	3.30	.....
No. 29b.	Foreign copy of No. 29a.....	Germany.....	do.....		1.78
No. 39a.	Imitation ivory and enamel cigarette holder.....	Rhode Island.....	Dozen.....	41.12	.....
No. 39b.	Cigarette holder of genuine ivory and enamel.....	Germany.....	do.....		24.00
No. 31a.	Sterling silver, enamel pencil, gold-plated.....	Rhode Island.....	do.....	42.67	.....
No. 31b.	Sterling silver, enamel pencil, better than No. 31a.....	Germany.....	do.....		12.72

A very large percentage of the total cost of American production is labor. The figures given in the case of the American articles are the bare cost of production; in the case of the imported articles they are the actual prices at which such imported articles are sold in the American wholesale market.

Rates suggested.—To retain unaltered the wording or classification of the jewelry paragraph No. 1428, H. R. 7456.

Rates of 55 and 45 per cent ad valorem, appearing in paragraph 1428, to be respectively changed to 60 and 50 per cent ad valorem, based on American valuation.

If the foreign wholesale market value is made the basis, then rates respectively equivalent to 60 and 50 per cent on American valuation.

	Per cent ad valorem.
Jewelry, valued above 20 cents per dozen pieces-----	60
Rope, curb, etc., valued above 30 cents per yard-----	60
Articles valued above 20 cents per dozen pieces, etc-----	60
Stampings, etc-----	50

Remarks.—See Tariff Information, 1921, Hearings on General Tariff Revision before the Committee on Ways and Means, Part V, pages 3327–3331. Imitation precious stones, both white and colored, are not manufactured in this country. They are used by manufacturers of jewelry. The rates have been raised from 20 per cent on foreign valuation in former tariff acts to 45 per cent American valuation in paragraph 1249, H. R. 7456, being equivalent to an increase of 125 per cent in the rate of duty on raw material in the form of imitation stones. This, the brief contends, would greatly increase the difficulties of American manufacturers in meeting the competition of countries with long and hereditary experience in the production of imitation precious stones, neither made, nor capable of being made, in the United States.

Hearings: Pages 4013–4023.

Witness: Mr. David J. Gallert, representing novelty jewelers.

Size of industry.—The domestic production of jewelry in 1914 was a trifle over \$81,000,000. In 1919 this had increased to \$203,898,000. On the other hand, imports for 1910 averaged about \$1,000,000, and exports slightly inside that. Manufacturers import the design in small quantities and put them on the road. Importation is practically only for the novelty of design and ideas. The imports are chiefly small articles—pins and brooches. Mr. Rosenberger, a manufacturer, of Providence, R. I., appealed to by the witness, stated that he thought articles imported for design were in the minority, but the question is difficult.

Rates suggested.—The rate to be reduced from 55 to 25 per cent ad valorem.

Mr. Rosenberger stated that he was not asking for anything lower than 60 per cent on American valuation, but that 85 per cent on foreign valuation would handicap his importing branch to a certain extent, and that his manufacturing branch would be hampered by not getting the ideas and designs from Europe.

PARAGRAPH 1429.—DIAMONDS AND OTHER PRECIOUS STONES.

WITNESS, AND INTEREST REPRESENTED.

FAVORING LOWER DUTIES:

Mr. R. G. Monroe, representing the American Jewelers' Protective Association, New York.

Hearings: Pages 4157–4161.

Rates suggested.—Rough precious stones, free; cut diamonds and other precious stones, and pearls, 10 per cent ad valorem.

Remarks.—The association, which includes all the prominent importers of diamonds and precious stones and cutters of diamonds in the United States, believes that the adoption of the duty recommended

would automatically lower the value of their stock on hand by 10 per cent. They desire such reduction, however, in order that the temptation to smuggle precious stones may be lessened. Smuggling in precious stones is easily and successfully carried on, and honest importers can not compete with smuggled merchandise.

The witness recommends that the "appropriation for the prevention of fraud against the customs," at the disposal of the Treasury Department, be so increased as to enable the Secretary of the Treasury to employ a special squad of six men whose efforts shall be confined to the detection of fraudulent importations of precious stones.

He also requests that the paragraph providing for the free entry of personal effects of nonresidents (par. 1678) be so changed as to prevent the importation by such persons of precious stones. Any amount of personal effects may now be brought in by such persons, provided they are brought in without the intention of selling them, but there is nothing to prevent their selling them after entry without payment of duty.

PARAGRAPH 1429; ALSO PARAGRAPH 350 OF SCHEDULE 3, AND PARAGRAPHS 1403, 1411, AND 1444 OF SCHEDULE 14.—IMITATION PRECIOUS AND SEMIPRECIOUS STONES.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. E. M. Johnson, representing American manufacturers of imitation pearls and fusible enamels, New York City.

FAVORING LOWER DUTIES: •

Brief of importers of imitation precious stones or of precious and imitation precious stones.

Hearings: Pages 4024-4027.

Witness: Mr. E. M. Johnson, representing American manufacturers of imitation pearls and fusible enamels, New York City.

Costs and selling prices.—(See pp. 3093-3098, part 5, Hearings before Ways and Means Committee. The products of the industry in this country are produced by skilled labor, receiving high wages. The labor cost is over 75 per cent of the total production cost. Abroad, the industry is what is known as a cottage industry and the products are largely the work of children.

Size of industry.—An industry which the war really created. Production now amounts to a value of over \$6,000,000 a year, in comparison with a production of \$500,000 in 1914. The industry employs about 5,000 workers.

Rates suggested.—No change in rates or phraseology of paragraphs 350, 1403, and 1411 of H. R. 7456 is desired, as the situation is covered and the rates seem to be just and equitable. If the system of assessment of ad valorem duties should be changed, it is required that the rates given in these paragraphs be so translated into other terms as to give the same amount of protection.

Paragraph 1429 to read:

Imitation precious stones, cut or faceted, imitation semiprecious stones, faceted, imitation half pearls and hollow or filled pearls of all shapes, without hole or with hole partly through only, 20 per cent ad valorem; imitation precious stones, not cut or faceted, imitation semiprecious stones not faceted, imitation jet buttons, but polished or faceted; imitation solid pearls wholly or partly pierced, mounted or unmounted, 40 per cent ad valorem.

Attention was called to the fact that articles which should have the protection of the same rate of duty have two different rates, 40 per cent in paragraph 1403 and 45 per cent in paragraph 1429. It was suggested that the rate in paragraph 1429 be made 40 per cent.

Attention was also called to paragraph 1444 relating to rosaries. In the opinion of the witness any article which could be classed as a rosary would be entitled to come into this country by paying not more than 30 per cent. This would permit the importation of necklaces made of imitation pearls and other imitation precious stones with a cross attached as rosaries, but after importation into the United States the cross could be removed and such articles offered for sale as regular necklaces. It was suggested that the classification of the Payne-Aldrich law be followed or that paragraph 1444 be amended to make rosaries composed of imitation pearls or imitation precious or semiprecious stones dutiable at the same rate as such items in paragraph 1403.

Hearings: Pages 4161-4162.

Witness: Importers of imitation precious stones or of precious and imitation precious stones, representing six firms located in Providence and New York City. (Brief.)

Rates suggested.—The proposed rates of duty on diamonds and other precious stones, uncut; pearls, not set or strung; diamonds and other precious and semiprecious stones, cut but not set, and suitable for the use in the manufacture of jewelry, are concurred in.

Imitation precious stones, cut or faceted, imitation semiprecious stones, faceted, imitation half pearls and hollow or filled imitation pearls of all shapes without hole or with hole partly through only, 20 per cent ad valorem.

Imitation precious stones, not cut or faceted, imitation semiprecious stones not faceted, imitation jet buttons, cut, polished, or faceted, 45 per cent ad valorem.

Imitation solid pearls wholly or partly pierced, mounted or unmounted, 45 per cent ad valorem.

Remarks.—Imitation precious stones, imitation half pearls, and hollow and filled imitation pearls are not made in this country. They are a necessary raw material in the manufacture of jewelry. The solid or indestructible pearl is made in this country.

PARAGRAPH 1430.—EMBROIDERED LINENS.

WITNESS, AND INTEREST REPRESENTED.

FAVORING LOWER DUTIES:

Mr. W. A. McCleary, representing 46 linen importers and traders, all of whom, with one exception, are located in New York City.

Hearings: Pages 3483-3485.

Rates suggested.—The present rate of 60 per cent ad valorem, in the act of 1913, to be maintained.

(For a more complete abstract of the brief presented, see paragraph 1009.)

PARAGRAPHS 1430 AND 912—LACES AND EMBROIDERIES.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

- Mr. Albert L. Waitzfelder, representing the Braid Manufacturers' Association.
- Mr. Charles A. Bihler, representing the United States Lace and Embroidery Manufacturers' Association and the American Shuttle Embroiderers Manufacturers' Association.
- Mr. Henry N. Berry, representing the Richmond Lace Works and the Lace Manufacturers' Association of New England.
- Mr. Thomas J. Diamond, representing American Bobbinett Co., the Bromley Manufacturing Co., and the Liberty Lace and Netting Works.
- Mr. Hugo N. Schloss, representing the Liberty Lace and Netting Works.
- Mr. H. A. Phillips, representing the American Lace Manufacturers' Association.
- Mr. Joseph W. Stein, representing the Tariff Committee of American Cotton and Linen Handkerchief Manufacturers.
- The Narrow Fabric Co., Reading, Pa. (Brief.)
- The Oswald Lever Co. (Inc.), Philadelphia, Pa. (Brief.)

FAVORING LOWER DUTIES:

- Mr. Lemuel J. France, representing the Lace and Embroidery Association of America.
- Mr. David E. Schwab, representing himself.
- Mr. Max Neuberger, representing himself.
- Mr. Thomas M. Lane, representing manufacturers and importers of Madeira embroideries.

Hearings: Pages 4162-4166.

Witness: Mr. Albert L. Waitzfelder, representing the Braid Manufacturers' Association.

Costs and prices.—According to a report¹ of wages in a manufacturing district in Germany—the largest braid manufacturing district in the world—the price paid for day labor is equivalent, at the present rate of exchange, to 3.1 cents per hour and for female labor to 2.3 cents per hour. In the United States the wages for similar labor are, for males 50 cents per hour and for females 35 cents per hour. The labor cost in these goods is about 61 per cent of the total cost. The average selling price in Germany of the samples submitted is equivalent to \$3.42 per pound. The cost to make the same braids in the United States is approximately \$8 per pound. On braids made from metal thread, the foreign cost is \$1.54 per pound and the domestic cost \$4.05 per pound.

Foreign selling price of braids made from artificial silk.^a

Article No.	Foreign selling price, per ligne.	Weight per ligne.	Foreign selling price, per pound.
	<i>Cents.</i>	<i>Ounces.</i>	
3059.....	31	1.40	\$3.54
3060.....	21	1.00	3.36
3061.....	52	2.63	3.18
3063.....	31.5	1.40	3.60
Total.....			13.68
Average per pound.....			3.42

^a Research Report No. 40, National Industrial Conference Board, p. 701.

¹ Samples filed with Ways and Means Committee.

Domestic costs of braids made from artificial silk compared with landed cost of foreign braids.

	Domestic.	Foreign.
Cost of artificial silk yarn per pound.....	\$2.75	\$1.90
1 pound of braid takes 1½ pounds yarn.....	.45	.32
Cost of material, 1-pound braid.....	3.20	2.22
Cost of conversion.....	4.80	1.18
Total cost per pound.....	8.00	3.40

Domestic costs of braids made from metal threads compared with landed cost of foreign braids.

	Domestic.	Foreign.
Cost of metal threads per pound (duty, 10 cents per pound).....	\$0.80	.....
35 per cent on domestic value.....	.59	.....
Landed cost per pound of metal thread.....	1.39	\$0.80
1 pound braid takes 1½ pounds metal thread.....	.23	.13
Cost of material, 1-pound braid.....	1.62	.93
Cost of conversion.....	2.43	1.61
Total cost per pound.....	4.05	1.54

¹ One-fourth domestic. Difference \$2.51 per pound.

Size of industry.—There are employed approximately 35,000 people in the industry, and about an equal number in subsidiary industries.

Rates suggested.—That the rate on braids be changed from 45 per cent ad valorem to 60 per cent, based on American valuation.

Remarks.—It was stated that the industry is working less than 50 per cent of its capacity. "Large orders are being placed by American buyers in Germany because they are able to land goods at very much less than they can be purchased and sold for in this country."

Hearings: Pages 4166-4174.

Witness: Mr. Charles A. Bihler, representing the United States Lace & Embroidery Manufacturers' Association and the American Shuttle Embroiderers Manufacturers' Association.

Costs and selling price.—The following table was submitted, showing the wages paid since November 1, 1921, and at present in the United States, Germany, and Switzerland:

[Mark=½ cent. Franc=19.3 cents.]

	United States, 47-hour week.	Germany, 46-hour week.	Switzerland, 50-hour week.
		Marks.	Francs.
Skilled stitcher.....per week..	\$42.50-\$50.00	400-500	50
Watcher.....do....	17.00-24.00	250-300	25
Shuttler.....do....	13.00-14.50	200	20
Mender.....do....	23.00-25.00	250-350	28
Puncher.....do....	50.00-60.00	600-800	75
		\$2.00-\$2.50	\$9.65
		1.25-1.50	4.83
		1.00	3.86
		1.25-1.75	5.40
		3.00-4.00	14.48

Size of industry.—Located in 14 States. The witness, appearing in the interest of manufacturers of lace embroideries, gold and silver embroideries, embroideries and nets, etc., general dress novelties, stated that the production last year approximated \$25,000,000 in value.

Rates suggested.—That embroideries be placed in the same classification as laces, and that the duty be placed at 55 per cent ad valorem on the American valuation basis. On the foreign valuation the equivalent would be 115 per cent.

Remarks.—The witness stated that the industry is now 85 per cent idle, due chiefly to importations and not to general depression.

Hearings: Pages 4185-4190.

Witness: Mr. Henry N. Berry, representing the Richmond Lace Works and the Lace Manufacturers' Association of New England.

Size of industry.—The association comprises an investment of between \$2,000,000 and \$3,000,000.

Comparability.—The witness cited several patterns manufactured by his company selling at \$2.80, \$4.10, \$4.50, and \$5.85, and stated that exactly identical patterns manufactured in Germany are being offered at \$1.80, \$2.15, \$3, and \$4, respectively, the unit in each case being the gross. These are, in each case, the prices to the wholesaler.

Rates suggested.—On laces at least 60 per cent on American valuation. The witness would regard the imposition of an equivalent foreign valuation, say 140 per cent, as not businesslike and as likely to entail manipulation of invoices.

Remarks.—The business is not running at full capacity now, due largely to import competition.

The witness requests American valuation as the basis for the assessing of the duty, because with the equivalent rate on foreign valuation (130 or 140 per cent) the market would tend to be unsettled, the goods coming from different foreign countries with different prices. With American valuation the duty would be uniform.

The lace in which Mr. Berry is interested is that manufactured on the Lever go-through machine.

Hearings: Pages 4205-4206.

Witness: Mr. Thomas J. Diamond, representing the American Bobbinett Co., Newburgh, N. Y.; the Bromley Manufacturing Co., Philadelphia, Pa.; and the Liberty Lace and Netting Works, New York City. (Brief.)

Comparability.—Appended to the brief is a sample of 35-hole "Bretonne Net," made with 40's single yarn in the bobbin and 80's two-ply in the warp. The domestic cost to make is 25.10 cents per square yard. Profit and distribution require a selling price of 29.81 cents. Similar nets can be imported from Nottingham, England, for 12.37 cents (exchange \$3.60) and from Saxony, Germany, at about one-third of the English price.

Rates suggested.—Sixty per cent on American valuation, equivalent to 141 per cent on Nottingham value and about 400 per cent on German value.

Remarks.—It is necessary to import the yarn for the manufacture of these finer grade goods, as the finer yarns are not spun here. The yarns are dutiable and the revenue derived from them would equal that which would be obtained from importations of the finished net.

Hearings: Pages 4190-4199.

Witness: Mr. Hugo N. Schloss, representing the Liberty Lace & Netting Works, New York City.

Costs and selling prices.—The witness referred to exhibits shown by Mr. Schwab, which the latter claimed were made by the witness's concern and sold for \$1.50 per yard. The witness stated that these goods, made from artificial figures, were originally imported from France at \$4.50, \$5, and \$6 a yard. They are a distinct business novelty. The articles come to this country and are put on sale at a very high price, and sometimes the profit put on by the foreign manufacturer was so tremendous that domestic competition was possible. The firm has commercialized the article, reducing qualities, making sometimes the same pattern and sometimes similar patterns, and are selling these goods to-day at \$1.50 per yard, permitting the importer to make his profit 25 per cent.

A warper earns in Lyons, France, \$6.50, in this country, \$42, wages in France being converted at the current rate of exchange. The witness does not agree with Mr. Schwab's method of computing foreign cost on an article selling for \$6 in the domestic market and dutiable at 60 per cent on American valuation; \$6 minus (\$3.60 duty plus \$1.50 profit and overhead plus 9 cents packing, etc.) equals \$.81 foreign cost.

Mr. Schloss's method, as explained to the committee, would be:

Per cent.

100=American valuation.

60=Duty, American valuation.

40=Foreign cost, importers' profit and charges.

60÷40 per cent=150 per cent on foreign valuation.

In China, where lace is made by hand, it is sold by the Chinese manufacturer at 6 cents a yard, of which 4 cents represents labor. With a 48-hour week wages would amount to 64 cents as against \$50 to \$60 to machine workers in the United States.

The witness's firm, formerly large producers of veiling, is now entirely out of that business. Dots are put on by hand and cost about 60 cents a thousand dots in this country. Veilings are landed here to-day in large quantities at 20 to 21 cents per yard, containing about 1,500 or 1,600 dots. The retail price is somewhere between 85 cents and \$1 a yard. The article made by machine is somewhat like it and costs about 32½ cents a yard to make.

Size of industry.—The firm began making Levers lace in 1909 and 1910.

Comparability.—The Calais manufacturer produces art goods—a more elegant and higher quality of merchandise. All of the veiling that has been selling on a large scale is what is called Chenille veiling.

Rates suggested.—Sixty per cent on American valuation, which, as figured by the witness, is equal to 150 per cent on foreign valuation. The words "whether finished or unfinished" should be inserted, as lace is very often imported in the raw state or in an unsewed condition.

Hearings: Pages 4200-4202.

Witness: H. A. Phillips, representing American Lace Manufacturers' Association.

Costs and prices.—The difference in cost between the United States and European countries is entirely due to the great differences in wages, illustrated by the following tables in a brief of the association.

Comparative union wages in Lyon and New York, per week of 48 hours.

	Liberty lace and netting works.	
	Lyon, France.	New York.
Plain net weavers.....	\$9.00	\$50.00-\$55.00
Lace weavers.....	9.00	55.00-60.00
Warpers.....	6.50	42.00
Brass bobbin winders.....	6.50	30.00-35.00
Silk winders.....	5.40	22.00
Threaders.....	6.00	30.00-35.00

Comparative wages in Nottingham and New York.

	Liberty lace and netting works.	
	Nottingham, England.	New York.
Day work, per hour.....	\$0.18	\$0.69
Tying in warps, per thousand threads.....	.36	1.30
Weaving, laces or veilings (50-inch quality), per rack.....	.18	.40
Brass bobbin winding, per thousand.....	.12	.40
Threading, per thousand.....	.15	.50
Girl and boy learners, per hour.....	.09	.30
Mending:		
Per rack.....	.03	.10
250 racks.....	7.50	25.00
Draftsman, per week:		
Apprentice.....	6.00	15.00
Improvers.....	11.00	25.00
Draftsman.....	23.00-30.00	50.00-80.00

The brief also cites the following "Examples" in support of the association's belief that the rate of 45 per cent on American valuation will not afford sufficient protection to permit the American industry to continue:

	Selling price of American manufacturer.	Selling price of foreign manufacturer.	American valuation, rate of duty required.
	Cents.	Cents.	Per cent.
1. Veiling..... per yard ..	7.64	2.42	68
2. Veiling..... do ..	20.80	7.39	64
3. Veiling..... do ..	19.38	5.28	73
4. Veiling..... do ..	164.40	19.87	88
5. Veiling..... do ..	5.53	1.26	77
6. Valenciennes lace..... per 12 yards ..	107.00	31.00	71
7. Valenciennes lace..... do ..	40.00	12.00	70
8. Valenciennes lace..... do ..	56.00	17.00	69
9. Valenciennes lace..... do ..	71.00	22.00	69
10. Valenciennes lace..... do ..	38 ¹ / ₂	12.00	69
11. Valenciennes lace..... do ..	50.00	15.00	70
12. Valenciennes lace..... do ..	146.00	40.00	72
13. Valenciennes lace..... do ..	30.00	11 ¹ / ₂	61
14. Valenciennes lace..... do ..	38.00	14.4	62
15. Valenciennes lace..... do ..	45.00	17.3	61
16. Valenciennes lace..... do ..	58.00	23.00	60
17. Valenciennes lace..... do ..	70.00	28.8	59
18. Assorted..... per 144 yards ..	\$9.95	\$4.20	58
19. Cluny..... do ..	21.65	9.36	57
20. Torchon..... do ..	13.10	4.68	64
21. And filet..... do ..	6.74	2.55	62
22. Laces..... do ..	5.95	3.00	49
Average.....			66

Size of the industry.—Prior to 1909 there were in the United States 83 Levers or go-through machines and no circular machines. To-day there are 600 Levers or go-through lace machines and 1,000 circular lace machines so engaged.

There are 9,900 Levers or go-through lace machines in England, France, and Germany, and approximately 50,000 circular lace machines in Germany.

The investment in the United States is \$21,000,000, giving opportunity for the employment of approximately 8,000 people.

Rates suggested.—The rate to be increased from 45 per cent American valuation to 60 per cent American valuation.

Hearings: Pages 3430-3434.

Witness: Joseph W. Stein, representing the American manufacturers of cotton and linen handkerchiefs, New York City. (Brief.)

Rates suggested.—Cotton handkerchiefs and mufflers composed of cotton cloth, in the piece or otherwise, finished or unfinished, if embroidered in any manner with an initial, letter, monogram, or otherwise, by hand or machinery, or if tamboured or appliquéd or scalloped, or if trimmed wholly or partly with lace or with tucking or insertion, shall pay a duty of 42½ per cent ad valorem. This to form part of paragraph 917. If foreign valuation is retained then a 75 per cent rate of duty is asked.

Comparability.—The brief states that Great Britain is the greatest competitor in cotton and linen handkerchiefs and Switzerland in embroidered goods. The domestic production cost is double that of Great Britain, and stitching costing 30 cents here is turned out for about 16 cents in Switzerland.

Hearings: Pages 3398-3400.

Witness: The Narrow Fabric Co., Reading, Pa. (Brief.)

The brief directs attention to the 1920 platform of the Republican Party and to certain schedules in H. R. 7456, suggesting that the rates proposed in the latter be brought into closer harmony with the former.

Comparability.—Accurate first-hand information shows that German braiders earn 280 marks per week—at the then rate of exchange equivalent to about \$3.50 per week. This rate compares with \$25 to \$40 per week paid in the company's factory. It is urged that the proposed rates in paragraph 912 do not begin to cover this discrepancy. Harmful competition may also be expected from Japan, Belgium, and Italy.

Further data on prices include quotations from German firms on rickrack braids from which tables on page 3399 were compiled. The figures show plainly the disadvantage under which the company labors in competing with foreign manufacturers.

Witness: The Oswald Lever Co. (Inc.), Philadelphia, Pa. (Brief; no appearance at hearings.)

Remarks.—This concern manufactures a special machine for the lace trade, used in making an imitation of hand-made laces, commonly called Cluny or Barmen lace. Orders for these machines have been canceled and thousands of dollars worth of machinery have been left on the company's hands, owing to the dumping of this line of lace from Germany on the New York market. Other laces have been reclassified in the emergency tariff, and the question is asked why these laces have been left out.

Hearings: Pages 4175-4181.

Witness: Mr. Lemuel J. France, representing the Lace and Embroidery Association of America.

Rates suggested.—The witness is opposed to the American valuation plan. It is impossible to suggest a rate for laces and embroideries on that basis equivalent either to the present or the Payne-Aldrich rate. He suggests retention of the present duty of 60 per cent on foreign valuation and believes that the proposed rate on laces of 45 per cent on American valuation is equivalent, on foreign values, to rates ranging from 123 to 218 per cent.

Remarks.—Many members of the association manufacture in this country as well as import laces, embroideries, and similar lines, and many more handle domestic lines of such merchandise.

While a condition of idleness in this industry now exists in this country, such condition also exists in Switzerland, and is due to change of fashion and general economic causes, and not to foreign competition.

An increased rate, while it would afford protection against German goods, would shut out imports from other countries. To meet these conditions, Mr. France asks why it should not be possible and feasible to provide for a duty additional to the fixed rate, the size of it to depend on the extent of depreciation of currency of the country from which the goods were exported, or, in the case of indirect shipments, the country of origin. Such a duty could be provided for with a further proviso that it would be levied or not, in the discretion of the Secretary of the Treasury according as he might find that American industry was being injured by importations because of such depreciation.

Hearings: Pages 4181-4184.

Witness: Mr. David E. Schwab, New York City.

Comparability.—Samples were shown by the witness of domestic articles with relative similar articles of foreign make. The prices were \$1.50 for domestic and \$2.50 for foreign; \$1.50 and \$2.50 for domestic and \$4 for foreign; \$0.75 for domestic and \$1.05 for foreign.

Rates suggested.—The witness opposes the American valuation plan and advocates the retention of present rate and foreign valuation.

Remarks.—The witness denied that he owned a factory in Austria, as alleged by a previous witness. He had owned one, but it was scrapped in 1911 or 1912. To illustrate the effect of 60 per cent ad valorem on American valuation, he stated that the selling price would include the duty, 60 per cent of the selling price; profit, 25 per cent on the selling price being considered a fair average to include overhead, etc., and packing and transportation charges, 1½ per cent; a total of 86½ per cent of the selling price for duty, profit, and expense, which would leave only 13½ per cent to represent the cost. The selling price in this country would, therefore, of necessity, be at least six times [sic] the cost of the article.

There is no industry established in Germany with the Levers go-through machine, but a different type of goods of this class is manufactured there.

Hearings: Pages 4184-4185.

Witness: Mr. Max Neuberger.

Rates suggested.—Retention of present rate and foreign valuation.

Remarks.—With reference to statements that there are many idle machines in this country, the witness states that this is usually true all over the world, as laces and embroideries are subject to fashion, and have not been in style or demand.

Hearings: Pages 4202-4205.

Witness: Mr. Thomas M. Lane, representing manufacturers and importers of Madeira embroideries.

Costs and selling prices.—A brief submitted by the witness gives this illustration of the application of a 22½ per cent rate, based on American valuation, of a typical article selling for \$10 in the United States and costing \$3.75 in Madeira:

Foreign price	\$3.75
Duty of 60 per cent on foreign value of \$3.75, or at 22½ per cent on American selling price of \$10	2.25
Landing charges (including freight, insurance, customhouse entry fee, consular fee) and packing charges	.50
Overhead in United States, 20 per cent on the selling price	2.00
Profit	1.50
	10.00

Comparability.—Madeira embroideries are absolutely noncompetitive with anything manufactured in this country in any fair sense. They are a native product of Madeira, purely handwork—no machine work whatever—obtainable only in limited quantities, and could not be commercially produced in commercial quantities except by a class of labor found among relatively primitive people.

Rates suggested.—The proposed rate of 37½ per cent will have to be materially reduced if the American valuation plan is retained. The highest rate which this product will bear on the American valuation basis is 22½ per cent, equivalent to 60 per cent on foreign valuation at the normal ratio between foreign and domestic prices. (See table above.) The 37½ per cent rate would amount to about 135 per cent on foreign valuation. Machine-made embroidery may require a different treatment, in which case a separate classification could be made for articles produced exclusively by hand.

Remarks.—American capital has been very largely invested in Madeira and controls 75 per cent of the production. In a brief filed with the committee on July 27, 1921, protest was made against the adoption of the American valuation plan.

The second brief recapitulates parts of the Republican national platform of 1908 and 1920, pledging the party to the policy of protection. In the former, protection was defined as "the imposition of such duties as will equal the difference between the cost of production at home and abroad, together with a reasonable profit to American industries." The brief includes the two following tables, showing how seriously the company would be affected by the rates of duty proposed in H. R. 7456:

A further brief, dated December 1, 1921, states that the rates proposed in H. R. 7456 are distinct reductions from the present rates, and if enacted into law would work a serious hardship to domestic manufactures of boot, corset, and shoe l

reatest compe-

tion comes from Germany and, to a less extent, from Japan, Belgium, and Italy. Even if German wages advance to pre-war rates, the wages paid in the United States would still be more than 100 per cent higher.

Rickrack braids constitute one of the principal products of the company. If the 45 per cent rate proposed in H. R. 7456 becomes a law, it will be impossible for manufacturers here to meet German competition. The brief gives detailed figures of domestic production costs and the landed costs of various imported braids.

A salesman of the Narrow Fabric Co. was shown laces purchased in Germany by a New Orleans firm for 18, 15, 22, up to 35 cents per dozen yards as against 34, 48, 57, and 87 cents of the witness's firm. It was stated that the German prices included the duty and everything.

Rates suggested.—Rickrack braids are dutiable under the act of 1913 at 60 per cent and under H. R. 7456 at 45 per cent. It is claimed that this reduction should not be made, but that the existing rate of duty should stand. The proposed rate of 45 per cent on laces is inadequate. The measure of protection should be to equalize the cost of production at home and abroad.

PARAGRAPH 1431.—GLOVE LEATHER.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. A. R. White, representing the fine glove-leather manufacturers, Gloversville, N. Y.

Hearings: Pages 4206-4210.

Costs and selling prices.—In a brief supplementing the witness's testimony, it is stated that labor is the principal element, in the difference between the cost of producing glove leather in this country and in Europe. In order to produce good leather, it is necessary to have the greater part of the work done by hand labor. Not only are German wages at least 50 to 60 per cent lower than in this country for corresponding work, but hours are longer there and women and apprentices are used much more than here. The American manufacturer also has to pay more for his dyes and chemicals.

Size of industry.—There are about 40 fine glove-leather manufacturers in this country. The value of the output is between five and six million dollars a year. During 1919, the industry employed 2,500 men at average wages of \$32.50 per week. Most of the establishments are in Fulton County, N. Y.

Rates suggested.—Thirty per cent on foreign valuation and 20 per cent on American valuation. It is not believed that this rate would be prohibitive.

The varieties of fine glove leather are glace, lambskin, nappa-tan, freized mocha and suede, and chamois. Those imported into the United States come either colored, in the white, or in the crust. The words "in the white" and "in the crust" should be contained in the tariff provision, in order that the Government may not be deprived of the fixed rate of duty by having the importer declare that such leather "in the white" or "in the crust" has been im-

ported for purposes other than used in the manufacture of fine gloves.

Remarks.—This industry is at a disadvantage with its foreign competitors in the matter of raw material. All the skins from which this leather is made have to be imported into the United States, while France, England, Italy, and Germany produce the skins or are near the source of supply. Italy formerly manufactured but little fine glove leather coming here, but the records show that in 1920 about \$1,000,000 worth of Italian glove leather was imported into this country. The business of manufacturing fine glove leathers has been developing under the encouragement given by earlier tariffs.

PARAGRAPH 1432.—LEATHER GOODS.

WITNESSES, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Samuel F. Leber, attorney, and Mr. K. Kaufman, representing K. Kaufman & Co., manufacturers of leather bags, suitcases, etc., Newark, N. J.

Hearings: Pages 4210-4214.

Witness: Mr. Samuel F. Leber, attorney.

Costs and selling prices.—The witness cited instances of under-selling by German and British makers. A brief amplifies data in this connection and states that since 1914 the wages paid in the Kaufman factory have increased from 100 to 150 per cent; within the last year reductions have amounted to only 10 per cent and overhead expenses are still high. Leather luggage is made principally by hand labor. European labor is cheaper than American labor by more than the amount of duty proposed in the present bill. If a duty is levied on leather the cost of material will be increased.

Rates suggested.—Sixty per cent ad valorem on nonfitted bags and cases (foreign valuation). Duties are levied by the proposed bill on many articles used in the manufacture of these cases, namely, metal locks and frames, silk linings, cotton linings, sewing threads, fiber board, celluloid fittings, cut-glass fittings with gilded metal tops, mirrors, brushes, scissors, etc.

The above rates have been recommended after conference with many manufacturers of leather luggage.

Remarks.—Ocean freight rates have gone down, adding to the danger of foreign competition in leather goods. There is keen competition among domestic manufacturers in this line of goods.

Hearings: Pages 4214-4217.

Witness: Mr. K. Kaufman, representing K. Kaufman & Co., Newark, N. J.

Supplementing the statement made by his attorney, Mr. Samuel F. Leber, Mr. Kaufman said that the American valuation plan would be objectionable because of the difficulty in securing equitable administration.

He also emphasized the high cost of marketing the product in this country as compared with the low expenses of foreign manufacturers at Auerbach, Germany, for example, who practically sell their goods "over the counter" to American buyers who go there.

PARAGRAPH 1433.—LEATHER GLOVES.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Lucius Littauer, representing the Associated Leather Glove Manufacturers of the United States, Gloversville, N. Y.

FAVORING LOWER DUTIES:

The Association of Glove Importers, New York City.

Hearings: Pages 4218-4222.

Witness: Mr. Lucius Littauer.

Costs and selling prices—Wages paid in this industry in the United States are now 95 per cent higher than in 1912, 1913, or 1914. There has been one reduction of 12 per cent from the high point and the employees have agreed, of their own accord, to a further reduction of 6 to 10 per cent in the hope of regular employment.

Ladies' black kid gloves are popular and the imported gloves increased in price from \$40 to \$48 a dozen pairs in June, 1921, to \$64 in January, 1922. The value of imports was \$16,486,000 in the fiscal year ending June 30, 1921, more than double the importation of the previous year. The respective numbers of pairs were 965,000 dozen and 582,018 dozen. The production of American gloves dropped to 40 per cent of the normal value and the number of dozen pairs to 25 per cent of the usual amount. Furthermore, jobbers have not placed their orders for the coming year, as they usually do in January.

Rates suggested.—In paragraph 1433, line 19, insert before the word "Provided" the words "when sewed, pique or prixseam, 40 cents per dozen pairs." Embroidering and embellishment of gloves, for which an extra duty of 40 cents per dozen pairs is provided by the bill, does not cover the forms of sewing mentioned above. The Dingley and Payne-Aldrich bills allowed for each of these purposes 40 cents a dozen pairs. The ordinary sewing is done on a machine running at a much higher rate of speed than the one on which pique sewing is done. In the latter style of sewing two seams are superimposed.

The glove manufacturers ask for a minimum ad valorem duty of 60 per cent on foreign valuation (or 37½ per cent on American valuation) because imports have increased greatly in value, while the equivalent ad valorem rate of duty has fallen. Importations from 1898 to 1913 amounted each year to \$7,000,000 (\$100,000 up or down) and the duties collected during those years, based upon foreign valuation and a specific duty, amounted to \$3,200,000, or an average of 52 per cent ad valorem. In 1920, the value of gloves had increased until in the calendar year there were imported \$14,044,283 worth, or about twice the former imports. Receipts from duties had been falling from \$3,200,000 to \$1,297,000, a drop of approximately \$2,000,000. That is to say, the duties had fallen off one-third and, as the value had doubled, the ad valorem rates now being collected are only 14 per cent as against the previous 52 per cent.

Witness: The Association of Glove Importers, New York City. (Brief; no appearance at hearings.)

Rates suggested.—It is submitted that the proposed rates on women's leather gloves would be burdensome, adding from \$1 to \$1.50 per pair to the cost of the lightweight kid gloves for general wear.

As women's kid gloves are not luxuries, but necessities, there is no justification for rates higher than those imposed by the Payne-Aldrich law. The women of this country will object to this additional burden of taxation. The provision for a minimum ad valorem rate of 37½ per cent would mean an increase over previous rates of from 300 to 500 per cent.

The rate of 50 cents for each additional inch in excess of the limit provided is excessive and out of proportion to the basic rates; it should be reduced to 25 cents an inch. Ad valorem rates on gloves have been tried and have proved a failure. American manufacturers of women's leather gloves have been given protection but have failed to produce gloves corresponding in style and finish to the imported article. American employees have not the skill necessary to produce as good a glove as the French worker; those of the latter who have been brought to this country have not proved able to duplicate their work under American conditions.

About 90 per cent of the imported leather gloves for women and children are light-weight gloves which cannot be manufactured in the United States.

Under such a high duty on kid gloves as is proposed in the pending tariff bill, importations would decline greatly, with a corresponding loss of revenue. The higher cost of the imported gloves, caused by the tariff, would put up the price of the domestic glove.

The rates of the Payne-Aldrich bill were 50 per cent higher than existing rates and would provide additional revenue for the Government and also give the women of the country opportunity to buy necessary apparel.

PARAGRAPH 1433.—WOVEN LEATHER GLOVES.

Hearings: Pages 4222-4225.

Witness: The Association of Glove Importers, New York City. (Brief; no appearance at hearings.)

The brief submits that women's kid gloves are known to be actual necessities and in no sense luxuries, and that the hopes of a successful manufacture of high-class articles in this line have not been realized. Special qualities inherent in French labor are not found here, and the long experience required is also lacking. No attempt should be made, through the medium of a high tariff, to compel American women to be satisfied with a glove of domestic manufacture that does not compare in quality or appearance with the imported article. The brief suggests, as a maximum, the rates of the Payne-Aldrich tariff on women's leather gloves. These are not less than 50 per cent higher than the existing tariff rates, and a greater increase would be intolerable.

PARAGRAPH 1434.—CATGUT, ETC.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Thomas J. Mee, representing the Chicago Gut String Manufacturing Association.

Hearings: Pages 4225-4226.

Costs and selling prices.—Tennis strings selling for \$200 a gross in this country can be bought abroad for half of that amount, and

cheaper grades which sell for \$160 a gross can be bought abroad at a cost of less than \$100 a gross. The foreign cost of music strings is about one-fourth of the American selling price. Music strings of American make, sold in this country for \$4 a bundle, can be bought abroad for \$1 a bundle. Surgical catgut can be bought abroad for one-half the price of the American article in this country, the American price being around \$13 a thousand feet and the foreign price about \$6 a thousand feet.

Rates suggested.—The equivalent of at least 35 per cent on the American value for tennis strings and surgical catgut; on music strings as high a rate of duty as the committee can give.

If manufacturers of certain kind of fishing tackle would be seriously injured by the imposition of a duty on "worm gut," then such gut should be placed on the free list.

Remarks.—A brief previously filed with the Ways and Means Committee gives details of the industry.

PARAGRAPH 1434.—WORM GUT.

WITNESSES.

FAVORING LOWER DUTIES :

G. W. Frost & Sons, Stevens Point, Wis. (Brief.)

The Pequea Works, Strasburg, Pa. (Brief.)

Mr. Joseph E. Pfluger, Akron, Ohio.

Witness: G. W. Frost & Sons, Stevens Point, Wis. (Brief; no appearance at hearings.)

Rates suggested.—Worm gut should be on the free list.

Remarks.—Worm gut is an exclusive silk-worm product of a very small center in Spain. Notwithstanding diligent experiments, it has never been possible to produce it in this and other countries. It is used almost exclusively in the manufacture of snelled hooks, leaders, casts, and other fishing tackle.

Witness: The Pequea Works, Strasburg, Pa. (Brief; no appearance at hearings.)

Rates suggested.—A tariff on worm gut would be disastrous to the manufacturers of fishing tackle. Under former tariffs it has been free of duty.

Remarks.—Worm gut is not and, for climatic and other reasons, can not be produced in this country. The world's supply practically all comes from Spain.

Hearings: Pages 4226-4228.

Witness: Mr. Joseph E. Pfluger, Akron, Ohio.

The witness explained to the committee that a misunderstanding or a mistake had arisen in connection with paragraph 344, evidently intended for 1434 as regards this item. Worm gut is a silkworm growing in southern European countries and is used extensively for the making of fishing tackle. As the outcome of the witness's testimony, it was understood that catgut should be placed on the dutiable list and that worm gut should continue to come in free.

PARAGRAPH 1435.—GAS MANTLES.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Sidney Mason, representing the Welsbach Co.
The Lindsay Light Co., Chicago, Ill. (Brief.)

Hearings: Pages 4230-4233.

Witness: Mr. Sidney Mason.

Costs and selling prices.—The German mantles, the Holland mantles, or the Netherlands mantles are entered in the American market at from \$32 to \$35 a thousand. Taking the entering value at about \$36, the duty under the Underwood bill would be \$8.75 to \$9. The American wholesale price for the corresponding mantle is \$65, and the difference of 30 per cent is more than double the duty. Gas mantles vary in value, due to variation in quality, but the popular mantle's retail price is from 10 to 15 cents. This price prevails even though the foreign mantle is imported at \$45 a thousand. There is an increase in cost of materials and labor running from \$15 to \$27 a thousand. Wage rates are at least 20 per cent above those of 1914 and cost of materials will average over 50 per cent. The American manufacturer is producing a gas mantle at from \$58 to \$60, which used to be at about \$42.

Rates suggested.—Fifty per cent ad valorem on American valuation.

Remarks.—It is pointed out that the duty on materials entering into the manufacture of gas mantles is \$12.18 a thousand mantles under H. R. 7456 and \$4.72 under the act of 1913, a difference of about \$8 or 200 per cent. The duties on materials are not objected to. The brief referred to is not printed in the hearings.

Hearings: Pages 4229-4230.

Witness: The Lindsay Light Co., Chicago, Ill. (Brief.)

Comparability.—The company reviews the history of German and Japanese importations into this country in 1914 and prior thereto, as well as since the war. Quotations had been made as low as \$45 per 1,000, which, with the present duty of 25 per cent ad valorem, made it possible to bring in mantles of a very good quality at less than \$60 per 1,000. American manufacturers can not duplicate these qualities at less than \$85 per 1,000.

Rates suggested.—That the tariff on gas mantles in the past has not been high enough is shown by a reduction in the number of domestic manufacturers since 1910 from 99 to 23. It is the opinion of over 80 per cent of this industry that nothing short of 50 per cent ad valorem, on American valuation, will enable those now operating to meet foreign competition and show a nominal profit.

PARAGRAPH 1437.—MANUFACTURES OF GUTTA PERCHA.

WITNESS.

FAVORING PROPOSED OR HIGHER DUTIES:

The Bishop Gutta-Percha Co., New York. (Brief; no appearance at hearings.)

Costs and selling prices.—The cost of manufacturing gutta-percha goods consists of about 50 per cent for material and 50 per cent for

labor and overhead. In Germany the labor and overhead cost is about one-third of what it is in the United States.

Comparison of costs.

	United States.	Germany.
Materials.....	\$0.50	\$0.50
Labor.....	.50	.17
Total.....	1.00	.67
Duty, 35 per cent on \$1.....		.85
		1.02

Size of industry.—There are only four or five manufacturers in the United States with an aggregate business of from \$750,000 to \$1,000,000 per year.

Rates suggested.—A duty at least equal to that provided in the 1913 act (35 per cent).

PARAGRAPHS 1437 AND 1438.—MANUFACTURES OF RUBBER.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. A. L. Viles, representing the Rubber Association of America.

Hearings: Page 4233.

Rates suggested.—The association, representing 90 per cent of United States rubber manufacturers, approves paragraphs 1437 and 1438 regarding rubber articles. The proposed 10 per cent duty on tires should not be higher, as reprisal tactics of other nations are more to be feared than the competition from importations.

PARAGRAPH 1438.—HARD RUBBER PRODUCTS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Judson Drayton, representing the Vulcanized Rubber Co. (Brief.)

Mr. F. G. Achelis, representing the American Hard Rubber Co., New York City.

Hon. Samuel K. Owens, acting mayor of Butler, N. J.; and member of the House of Assembly of New Jersey. (Brief.)

Hearings: Page 4233.

Witness: Mr. Judson Drayton, representing the Vulcanized Rubber Co. (Brief.)

Costs and selling prices.—The total cost of labor is very much higher for hard-rubber goods; being 60 to 70 per cent of the total cost of the article. Wages paid in this country are from 4 to 6 times as high as those paid for the same work in Germany, Austria, and Japan.

Size of industry.—The American hard-rubber business, when running to capacity, employs 7,000 hands, with an output of \$15,000,000 to \$20,000,000.

Rates suggested.—There should be a separate paragraph or classification for hard-rubber goods, as distinguished from rubber goods in general.

The proposed rate of 30 per cent should be increased to at least 45 per cent, or, if the 30 per cent rate be retained, then, in addition, a specific duty of at least 40 cents per pound.

Remarks.—Hard rubber is forced to compete with many other materials, whereas soft rubber has no such competition.

Hearings: Pages 4234-4240.

Witness: Mr. F. G. Achelis, representing the American Hard Rubber Co., New York City.

Costs and selling prices.—Manufactures of hard rubber represent a great deal of hand labor on a small quantity of material. A gross of 8-inch combs takes 8½ pounds of material and a single 32 by 4 automobile tire weighs 25 pounds. Labor is the large factor of cost. In 1920 it was 65 per cent of the cost of the total product.

Wages in the hard-rubber industry.—

Average earnings per annum.

Comb operations.	Germany.				United States, 1921.	
	1913.		1921.		Female.	Male.
	<i>Marks.</i>		<i>Marks.</i>			
Plating.....	1,000	\$240	10,000	\$100	\$1,510	.....
Pressing.....	1,000	240	10,000	100	1,560	.....
Grinding.....	1,000	240	10,000	100	1,610	.....
Rubbing.....	1,100	264	11,000	110	1,660	.....
Washing.....	950	228	9,500	95	1,645	.....
Polishing.....	1,053	263	10,530	105	1,145	\$1,340
Stamping.....	980	235	9,800	98	1,295	1,720

In the preparation of technical articles, vulcanizing work, the wages for German women are 9 marks; for men, 23.56 marks, per week.

In the preparation of electrical insulating material, German women, 14 marks; men, 29.30 marks, per week.

In the manufacture of combs, finishing work, German women, 12 marks; men, 24 marks, per week.

Turning, German women, 16.33 marks; men, 28.37 marks, per week.

A hard-rubber article [exhibit], which after it is cut in two becomes a smoker's article, was sold at \$2.30 a gross. The American cost to manufacture a similar article was \$2.66 a gross.

There are 300 different types of combs, varying in price from \$9 to \$100 a gross, wholesale. A fancy comb [exhibit] would sell for \$45 per gross, net.

Size of industry.—The American Hard Rubber Co. operated three factories, with 3,000 employees in 1920 and 1,789 on December 1, 1921. Twelve concerns in the United States manufacture hard-rubber articles.

Comparability.—The Germans make excellent goods. Competition with them is not on quality but on wages.

Rates suggested.—Fifty per cent on American valuation, or, as an alternative, a specific duty per gross of combs, or per pound of product.

Remarks.—Hard rubber is radically different as an industry from tires, boots and shoes, mechanical goods, and soft rubber sundries. It is a specialized and highly technical industry, competing with other plastics, such as celluloid, bakelite, condensite, redmanol, galalith, vulcanized fiber, etc. Attention is called to the fact that combs and other articles made of hard rubber carry a duty of 30 per cent, while combs and other articles made of pyroxylin carry a duty of 65 cents per pound and 25 per cent ad valorem; galalith, 40 cents per pound and 25 per cent ad valorem; fountain pens, holders (mostly made of hard rubber), are protected by a specific as well as an ad valorem duty; combs of horn or horn and metal, 35 per cent.

The export market has been ruined by the flood of cheap Japanese and German products.

The hard-rubber industry is entirely different from the soft-rubber industry.

Witness: Hon. Samuel K. Owen, acting mayor of Butler, N. J., and member of the House of Assembly of New Jersey. (Brief; no appearance at hearings.)

Rates suggested.—Suitable legislation should be enacted so that hard rubber goods can be imported only on a basis of American valuation or under a tariff which will equalize the difference in exchange.

Remarks.—Since the recent revival of foreign manufacture, the American market is being flooded with cheap rubber combs of German manufacture which, under existing conditions, can be sold here at prices with which it is utterly impossible to compete. Hard rubber goods should not be confused with other rubber goods.

PARAGRAPH 1438.—MANUFACTURES OF PLASTER OF PARIS.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. T. M. O'Connell, representing T. M. O'Connell Co., Philadelphia, Pa.

Hearings: Pages 4240-4243.

Costs and selling prices.—Ninety-five per cent of the work in making plaster of Paris ecclesiastical and other statuettes is handwork.

In Germany, type casters are paid 300 marks, polishers 280 marks, and painters 350 marks per week. Material costs in Germany include: Plaster of Paris, which in peace times used to cost 1.20 marks the bag, now costs 36 marks; colors have gone up more than 500 per cent.

The following weekly wages are being paid at witness's plant: Casters, \$40 or 2,000 marks; polishers, averaging \$35 or 700 marks; painters, \$30 to \$50 or from 1,580 to 2,500 marks. Plaster, the principal commodity used, \$1.50 per bag as against 18 cents in Germany.

Size of the industry.—Three hundred thousand dollars' worth of various statuettes are manufactured in Philadelphia; there are three manufacturers in New Jersey, and several in New York, some in Boston, and some in the other large cities. It was estimated that, as a whole, the product would amount to \$500,000.

Comparability.—Small statuettes were never manufactured up to the time of the war in this country to any extent; 75 to 90 per cent imported. Statuettes made of bisque or china were never manufactured in the United States and were highly protected under prewar conditions (55 and 60 per cent).

Rates suggested.—Under existing conditions, 100 per cent on American valuation. Small statuettes should have a higher duty than larger ones, because they are carried in bulk and open stock and are used mostly in homes and sometimes in schools or private chapels or convents, but seldom, if ever, in churches. A separate classification of these articles is desired. The following is the phraseology recommended:

Manufactures of plaster of Paris, casts of sculpture, statuettes made of plaster of Paris, papier-mâché carton piers, metal or other material, of crucifixes, over 7 inches in length, with wooden cross and corpus of any of the foregoing materials.

A similar tariff should be put on metal crucifixes or any crucifixes made of other substances, as they enter into competition with plaster crucifixes. Metal crucifixes are brought in under the metal schedule.

Remarks.—A comparative statement of prewar and present-day wages has been filed with the Committee on Ways and Means, together with a schedule of prices.

PARAGRAPH 1441.—VIOLINS.

WITNESS.

FAVORING LOWER DUTIES:

John A. Gould & Son, Boston, Mass. (Brief; no appearance at hearings.)

Rates suggested.—The writer of the brief is apparently opposed to a specific duty applying to cheap violins, as in some cases the value would not be much greater than the duty. Many violins are being imported free of duty on account of their supposed antiquity, and it is suggested that the same duty be placed on old instruments as on modern ones.

PARAGRAPH 1441.—TUNING PINS.

WITNESS.

FAVORING LOWER DUTIES:

Hammacher, Schlemmer & Co. (Inc.), New York, N. Y. (Brief; no appearance at hearings.)

Costs and selling prices.—Prior to the war, tuning pins were sold by domestic manufacturers as low as \$2.40 per 1,000, but when importations ceased the price was advanced to \$10 per 1,000. Now that tuning pins are again being imported the price of the domestic pins has been reduced to \$5.30.

The following data are based on August 1, 1921, prices:

TUNING PINS, FOREIGN.		Per 1,000.
Foreign currency price (Germany).....		\$3.60
Cost of packing and cases.....		.14
Dutiable total		3.74

	Per 1,000.
Other expenses to bring goods to port of arrival, c. i. f. cost.....	\$0.20
Total	3.94
Present duty, at 35 per cent on \$3.74.....	1.31
Present landed cost, duty paid	5.25
Importer's present selling price to trade, adding 33½ per cent to cost.....	7.00
TUNING PINS, AMERICAN (MADE BY THE AMERICAN MUSICAL SUPPLY CO.) COMPARA- BLE AND COMPETITIVE.	
Selling price to the trade.....	\$6.00
Proposed duty, based on American valuation:	
Ad valorem 25 per cent.....	\$1.50
Specific \$1 per 1,000.....	1.00
Total duty	2.50
Less present duty, 35 per cent on foreign value.....	1.31
Increase in duty of	1.19
On which importer claims a gross profit of 33½ per cent.....	.40
Amount which must be added	1.59
To selling price of.....	7.00
Making new selling price of	8.50

The total duty on 1,000 tuning pins, based on American valuation, is equivalent to 67 per cent on foreign valuation.

Rates suggested.—The rate of \$1 per 1,000 and 25 per cent ad valorem will make it absolutely prohibitive to import tuning pins. It is recommended that tuning pins be not separately provided for, but allowed to come in as parts of musical instruments, as they have in the past.

PARAGRAPH 1444.—ROSARIES.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Francis J. Smith, representing the Association of Catholic Publishers, Manufacturers, and Dealers in Catholic Goods of America.

Mr. John R. Rafter, representing importers and dealers in rosaries and other religious articles. (Brief.)

Mr. Emil Klein, representing G. Klein & Son, Providence, R. I.

Hearings: Page 4246.

Witness: Mr. Francis J. Smith, representing the Association of Catholic Publishers, Manufacturers, and Dealers in Catholic Goods of America.

Rates suggested.—Separate classification for rosaries. The association is not interested in rates, whether high or low. Approves of the suggested omission of the words "similar articles of religious devotion," as they will lead to confusion.

Hearings: Pages 4243–4246.

Witness: Mr. John R. Rafter, representing importers and dealers in rosaries and other religious articles (Brief).

Size of industry.—The annual importations average about \$300,000.

Comparability.—The only rosaries made in the United States are those composed of precious metal or of precious metal in combination

with beads of semiprecious or imitation precious stones. Practically all rosaries imported are made of base metal solely, or of base metal in combination with other common materials, wood, bone, glass, etc.

Rates suggested.—No recommendation as to rates, but the classification adopted by the House of Representatives is approved.

Remarks.—Only by means of a special (eo nomine) provision of the kind recommended will rosaries be classified at a uniform rate of duty. In the absence of such a provision they will continue to be assessed for duty, as now and heretofore, at various rates, dependent on their component material of chief value—a most unsatisfactory rule of tariff classification both from an administrative and a business standpoint and producing the most anomalous and absurd results.

Hearings: Pages 4247–4250.

Witness: Mr. Emil Klein, representing G. Klein & Son, Providence, R. I.

Costs and selling prices.—Exhibit 1: Two rosaries made of imitation cocoa beads strung on nickel-plated chain, with the customary corpus attached. Sells in the American market for less than \$1.25 per dozen.

Exhibit 2: Two rosaries, one made of imitation cocoa beads and nickel-plated chain, the other of nickel-plated beads and chains. They are valued at more than \$1.25 per dozen.

Exhibit 3: A rosary of pressed beads and gold-plated chain of American manufacture. The cost of production is \$16.63 per gross, of which \$12.96 is for labor. The cost of the same rosary made abroad and laid down in this country, exclusive of duty, is \$8.71.

Exhibit 4: A rosary of fine cut beads and gold-plated chain of American manufacture. The cost of production is \$21.61 per gross, of which \$12.96 is for labor. The cost of the same rosary made abroad and laid down in this country, exclusive of duty, is \$11.

Exhibit 5: A rosary of fine oval beads and gold-plated chain of American manufacture. The cost of production is \$34.16 per gross, of which \$12.96 is for labor. The cost of the same rosary made abroad and laid down in this country, exclusive of duty, is \$21.79.

Rates suggested (on American valuation).—Rosaries and chaplets of whatever material composed; valued at not more than \$1.25 per dozen, 15 per cent; valued at more than \$1.25 per dozen, 30 per cent; any of the foregoing if made in whole or part of gold, silver, gold plate, silver plate, precious or imitation precious stones, 50 per cent. The words "and similar articles of religious devotion" in H. R. 7456 should be omitted, as the phrase would be made to comprehend a large variety of articles which have under all previous tariff laws been assessed under various paragraphs at varying rates of duty. Great difficulties will arise in determining what articles come within the scope of "similar articles of religious devotion."

Remarks.—It is stated in the brief that the duty of 30 per cent on rosaries valued at more than \$1.25 per dozen is not a sufficient protection for rosaries and chaplets made in whole or in part of gold, silver, gold plate, silver plate, or precious or imitation precious stones. Beads in imitation of precious stones, which form a large part of the raw material, have been raised from 35 to 45 per cent and imitation

precious stones to 45 per cent. Rosaries assessed for duty under paragraphs 333 and 167, act of 1913, at 50 per cent, have been provided for in H. R. 7456 at 30 per cent.

PARAGRAPH 1447; ALSO PARAGRAPHS 1660, 1685, AND 1688 OF SCHEDULE 15.—CHURCH STATUARY.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. John J. Kirley, representing manufacturers of church statuary.
The Association of Domestic Manufacturers of Church Statuary. (Brief.)

FAVORING LOWER DUTIES:

The Frederick Pustet Co. (Inq), New York City. (Brief.)

Hearings: Pages 4250-4256.

Witness: Mr. John J. Kirley, representing manufacturers of church statuary.

Costs and selling prices.—In Germany the present scale of wages is about 20 per cent and the cost of materials about 40 per cent those prevailing in the United States.

The market price ranges from \$85 to \$100 for a 5-foot statue of "rich" or "extra rich" decoration, varying according to the component material or the value of the decoration used.

American casters and cleaners or finishers are paid \$6; flesh painters \$7.20; drapery painters and free-hand workers \$6.40, in each case per 8-hour day. German casters, cleaners, and finishers are paid \$1.12 a day; flesh painters \$1.44 a day; drapery painters and free-hand workers \$1.28 per day.

A brief submitted by the importers includes the following table, showing the cost of production of a 5-foot church statue cast, technically known as a religious cast of sculpture, painted and decorated.

	Domestic.	Foreign. ¹
Labor, including preparing mold, pouring in and removing, casting, finishing, decorating, making cases, packing, and shipping.....	\$30.20	\$6.04
Materials, including casting plaster, fiber, nondextrin oils, turpentine, paints, gold leaf, use of brushes, excelsior, and wood.....	14.58	5.83
Prime cost.....	44.78	11.87
Overhead expense, including rent, salaries, commissions, heating, gas, light, expenses of salesmen (100 per cent of labor cost).....	30.20	6.04
Loss and collections (3 per cent).....	2.24	.35
Total factory cost.....	77.22	18.26
If a duty of 50 per cent of the American valuation (\$100) is imposed, this will amount to.....		50.00
The total cost of a domestic article as compared with a foreign statue.....	77.22	68.26

¹Mark of value 2 cents.

Size of industry.—The industry is an important one and is carried on in New York, Chicago, St. Louis, Boston, Philadelphia, Milwaukee, Pittsburgh, and Dubuque. It employs hundreds of men in a skilled occupation in which no machinery is used.

In the year 1920 upward of 10,000 religious statues were cast and sold by domestic manufacturers, including statues over 1 foot high up to a height of 6½ feet. The yearly value of the product is upward of \$2,500,000.

Rates suggested.—Fifty per cent on American valuation instead of 15 per cent as provided for in paragraph 1447. So far as the provisions of paragraph 611 (par. 1660, H. R. 7456) and of paragraph 655 (par. 1688, H. R. 7456) of the tariff act of 1913, which are applicable to statuary and casts of sculpture, are concerned, it is recommended that these provisions remain unchanged.

It is urged that no further exceptions be made to the levying of duty upon statuary, letting down the bars to further importations of articles free of duty.

Remarks.—Under the tariff act of 1913 the article is admitted free of duty when it is to be used for art educational purposes only (par. 611) and when it is a work of art imported expressly for presentation to national institutions, etc. In other cases the article is dutiable at 35 and 40 per cent ad valorem if the chief component part is earthenware (par. 79) and at 25 per cent ad valorem if the chief component part is plaster of Paris (par. 369).

The product is not a work of art in any sense of the word. Neither the original creation, the glue model, nor the final mold as cast and decorated is recognized by art schools or art authorities as a work of art. They are properly classified as trade articles, the products of a factory or workshop, similar to the classification given to profane statuary and other articles cast from stock molds.

Witness: The Frederick Pustet Co. (Inc.), New York City. (Brief; no appearance at hearings.)

Costs and selling prices.—In a brief of the American Manufacturers of Church Statuary, filed with the Ways and Means Committee (p. 4051, Tariff Information 1921), the bare cost of manufacture in the United States is given as \$77.22 for a 5-foot statue in "extra-rich" decoration. This cost, according to the brief, does not include interest on principal or capital or profit of any kind.

A copy of invoices from the Deprato Statuary Co., of Chicago, to the witness's company is inclosed. The following are the prices shown in the invoices:

	Price, net.
1 statue St. Joseph and child, No. 258, 5-foot cream and gold, extra rich...	\$63.70
1 statue St. Teresa, No. 1185, 5-foot, extra rich.....	63.70

The price includes careful packing in excelsior and a strong case f. o. b. Chicago. (The price does not cover pedestals or brass plates, for which the invoice shows a net charge of \$42.)

It is stated that the Munich Statuary Co., of Milwaukee, furnishes the witness's company 5-foot statues of St. Joseph with child, No. 261, in extra-rich decoration, for \$76.80, from which price a discount of 30 per cent is allowed. A sheet of the Deprato Statuary Co., showing list prices of certain church statuary, is inclosed.

Rates suggested.—A fair duty might properly be imposed on imported church statuary, but it would not be right materially to increase the rate of duty on such goods on the basis of representations which have been made to the Ways and Means Committee.

Witness: The Association of Domestic Manufacturers of Church Statuary. (Brief; no appearance at hearings.)

Costs and selling prices.—When the tariff act of 1913 was enacted the scale of wages in the industry in the United States was less than

one-half of that now maintained. Similarly, the cost of materials has more than doubled.

The present scale of wages in Germany is about 20 per cent of that obtaining in the United States, and the cost of materials is about 40 per cent.

The market price ranges from \$85 to \$100 for a 5-foot statue of "rich" or "extra-rich" decoration. The price varies according to the component material or the value of the decoration used.

The item of labor forms a large percentage of the cost of production, as shown in this table:

COMPARATIVE LABOR COSTS.

	German wages.		American wages.
	Marks. ¹	Dollars.	Dollars.
Casters, per hour.....	7	0.14	0.75
Cleaners, per hour.....	7	.14	.75
Flesh painters, per hour.....	9	.18	.90
Drapery painters, per hour.....	8	.16	.80
Free-hand workers, per hour.....	8	.16	.80

¹ Mark taken as equivalent to 2 cents.

COST OF PRODUCTION, 5-FOOT CHURCH STATUE, CAST.

	Foreign.	Domestic.
Labor, including preparing mold, pouring in and removing, casting, finishing, decorating, making cases, packing, and shipping.....	\$6.04	\$30.20
Materials, including casting plaster fiber, iron, desterine oils, turpentine, paints, gold leaf, use of brushes, excelsior, and wood.....	5.83	14.58
Prime cost.....	11.87	44.78
Overhead expense, including rent, salaries, commissions, heating, gas, light, expenses of salesmen (100 per cent of labor cost).....	6.04	30.20
Loss on collections (3 per cent).....	.35	2.24
Total factory cost.....	18.26	77.22

Size of industry.—The industry is carried on in several of the large centers, namely, New York, Chicago, St. Louis, Boston, Philadelphia, Milwaukee, Pittsburgh, and Dubuque.

In 1920 upward of 100,000 religious statues were cast and sold by domestic manufacturers, including statues over 1 foot high up to 6½ feet. The average sale price per statue is \$25. The total yearly value is upward of \$2,500,000.

Rates suggested.—A duty of 50 per cent ad valorem, based on American valuation. A duty of at least 250 to 300 per cent would be required if based on the valuation of the imported article or on its cost to manufacture abroad.

No change is desired with respect to paragraphs 1660, 1685, and 1688, but it is recommended that no further exceptions be made in the direction of lowering the bars to the further importation of articles free of duty.

Remarks.—These products are not works of art; art schools or art authorities do not recognize them as such. They are trade articles, the products of a factory or workshop, the same as other articles cast from stock molds.

PARAGRAPH 1449.—LEAD PENCILS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Mr. Frank W. Lilley, representing the Joseph Dixon Crucible Co. and others.

FAVORING LOWER DUTIES:

Mr. N. Bilder, representing A. W. Faber (Inc.).

Hearings: Pages 4263-4270.

Witness: Mr. Frank W. Lilley, representing the Joseph Dixon Crucible Co. and others.

Costs and selling prices.—A Castell pencil used to be laid down at 60 marks, equivalent to about \$10, per gross, but there was a commission or discount off that. To-day that pencil is sold at 60 marks, with the mark at one-half cent, or about 30 cents. The German Government adds to that an export duty of 550 per cent, making the price \$1.80 per gross.

Pencils are being sold in Tokyo at 35 cents per gross, as against \$1.25 by Mr. Lilley's concern. The graphite in the Japanese pencil is not as good as in the American pencil.

German pencils are being sold in New York all the way from 85 cents to \$1.70 per gross, as against \$2.50 to \$2.90 per gross for the American pencil.

Size of industry.—Four thousand or five thousand hands are employed in the industry.

Rates suggested.—No change is desired in the present bill (H. R. 7456). Would be willing to accept the provisions of the Payne-Aldrich bill.

Remarks.—Senator Smoot having questioned the statement that lead pencils could be sold in Germany for 60 marks, 30 cents, as that would not cover the cost of the graphite or cedar, the witness stated that the Japanese imitate the marks of the American pencils to the smallest details.

In a brief filed by the witness (pp. 4269-4270) the effect of previous tariffs is reviewed, particularly as enabling importers, A. W. Faber especially, to import large quantities of pencils from Germany at prices against which American manufacturers were powerless to compete.

Contradicting statements made by A. W. Faber, the brief affirms that pencils imported by that concern were undervalued; the records in the New York customhouse are cited as confirming that statement. The brief discusses relative prices of various pencils and gives the present labor cost in Germany as \$2.40 per week.

Hearings: Pages 4257-4263.

Witness: Mr. N. Bilder, representing A. W. Faber (Inc.).

Costs and selling prices.—The witness discussed the effect of the proposed tariff on the cost of a pencil costing in a foreign port \$1.40 per gross—

The duty of 25 per cent ad valorem per gross would amount to.....	\$0.35
Specific duty per gross.....	.50
Imprint other than the manufacturer's name.....	.50

Total.....	1.35
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which is 275 per cent higher than the present duty of 36 cents per gross and nearly 100 per cent of the original cost.

The effect of the tariff on a popular brand, with tip, costing \$2 per gross in a foreign port, was detailed as follows:

Cost of pencil.....	\$2.00
25 per cent duty.....	.50
Name other than manufacturer's.....	.50
Specific duty.....	.50
Rubber tip.....	.25
	3.75
Cost of insurance and freight.....	.15
Importer's cost, total.....	3.90

A pencil of a similar type is sold by the American manufacturer for \$3.60 per gross.

Size of industry.—The pencil industry of this country is controlled by four manufacturers. They control 95 per cent of the pencil industry, the other 5 per cent being in the hands of approximately four other manufacturers. In 1919 exports of pencils amounted to \$3,565,347 and in 1920 to \$3,849,221. Imports in 1920 amounted to \$225,578, being less than 6 per cent of the exports and doubtless less than 1 per cent of the domestic business.

Rates suggested.—The present law (1913) adequately protects the American manufacturer. If the industry should be given a further protection not to exceed 15 cents per gross, then the iniquitous, drastic, and absolutely business-destroying features of the cumulative provisions of the proposed law should be eliminated. If the cumulative duties on caps or protectors, on pencils prepared for caps or protectors, and on pencils stamped with names other than the manufacturer's is written into the law, the importer will be legislated out of business and the existing "big four" control of the industry will continue.

PARAGRAPH 1449.—MECHANICAL PENCILS.

WITNESS.

FAVORING PROPOSED OR HIGHER DUTIES:

The Wahl Co., Chicago, Ill. (Brief; no appearance at hearings.)

Costs and selling prices.—The Eversharp pencil, which retails at \$1 and wholesales at 50 cents, forming 60 per cent of the total sales of the Wahl Co., costs \$0.5757, of which \$0.3413 is labor, direct and indirect, and \$0.2324 is material. The cost to a German manufacturer, assuming that he pays the same for his materials, would be \$0.2893.

A German pencil is offered at 50 marks, equivalent to-day to about 50 cents. A similar Eversharp pencil retails for \$1.75, wholesales at \$1.05, and costs the American company \$0.93 to manufacture, of which \$0.47 is labor and \$0.46 material.

Rates suggested.—H. R. 7456 provides specifically for mechanical pencils in paragraphs 352 and 1449. The former applies to those made of base metal, and not plated with gold, silver, or platinum, a duty of 45 cents per gross and 20 per cent ad valorem; the latter applies to mechanical pencils, n. s. p. f., a duty of 50 cents per gross and 25 per cent ad valorem. Under the act of 1913, mechanical pencils

were dutiable under the jewelry paragraph, 356, at 60 per cent ad valorem. In view of the specific provisions of the proposed bill, the question is raised whether these pencils would be dutiable under the basket clause of paragraph 393 at 45 or 35 per cent, or, under paragraph 1428 at 55 per cent. If the mechanical pencils now in general use, plated with gold, silver, or platinum, should be held to be dutiable under paragraph 1449 at 50 cents per gross and 25 per cent ad valorem, the protection would be entirely inadequate. It is suggested that enameled pencils, which compete with the plated ones, should be specifically covered in the tariff act. The brief proposes the following as to classification and rates. [It fails, however, to cover mechanical pencils made of precious metals.]

Mechanical pencils made of base metal and not plated with gold, silver, or platinum, or not enameled or not colored with gold lacquer, whether partly or wholly manufactured, 45 cents per gross and 25 per centum ad valorem. Mechanical pencils made of base metal and plated with gold, silver, or platinum, or enameled or colored with gold lacquer, whether partly or wholly manufactured, 50 per centum ad valorem.

PARAGRAPH 1450.—REFILL LEADS.

WITNESS.

FAVORING PROPOSED OR HIGHER DUTIES:

The Wahl Co., Chicago, Ill. (Brief.)

M. A. Ferst (Ltd.), Atlanta, Ga. (Brief.)

Witness: The Wahl Co., Chicago, Ill. (Brief; no appearance at hearings.)

Costs and selling prices.—The Wahl Co. sells its refill leads in metal boxes containing 12 pieces of lead, $1\frac{1}{8}$ inches long and forty-six one-thousandths of an inch in diameter. The retail price is 15 cents and the wholesale price 9 cents per box, or \$1.08 per gross of leads.

Rates suggested.—The following is suggested as the phrasing and rates for paragraph 1450:

Pencil leads not in wood or other material, 6 cents per gross; leads not exceeding six one-hundredths of 1 inch in diameter and commonly known as refills, 10 cents per gross of leads $1\frac{1}{8}$ inches or less in length and 10 cents additional per gross for each $1\frac{1}{8}$ inches or fraction thereof additional length; colored, copy, or indelible leads, 60 cents per gross of leads 2 inches or less in length and 30 cents additional per gross for each inch or fraction thereof additional length; and, in addition thereto, on all the foregoing, 20 per centum ad valorem.

Remarks.—The brief calls attention to the diameter of the leads mentioned in the bill. This diameter of six one-thousandths of an inch has no particular significance. The lead in an Eversharp pencil is forty-six one-thousandths of an inch in diameter.

The brief states that under the present wording of paragraph 1450 a foreign manufacturer may send leads into this country in lengths of 4 or 5 inches, pay the tax per gross, and then cut them off to the commercial length of $1\frac{1}{8}$ inches. A gross of leads $5\frac{1}{8}$ inches long will make 4 gross $1\frac{1}{8}$ inches long. Ninety-five per cent of refills are $1\frac{1}{8}$ inches long. The commercial length of indelible and colored leads is 2 inches.

Witness: M. A. Ferst Co. (Ltd.), Atlanta, Ga. (Briefs; no appearance at hearings.)

Attention is called, in a letter, to a typographical error in the House bill, regarding refill leads. The diameter of such leads should be sixty one-thousandths and not six one-thousandths of an inch.

Rates suggested.—In a more extended communication (pp. 4270-4271) it is urged that paragraph 1450 be changed to read as follows:

Pencil leads not in wood or other material, $7\frac{1}{2}$ cents per gross and 25 per cent ad valorem; thin leads, small-diameter leads, not exceeding 0.060 inch diameter and $1\frac{1}{2}$ inches in length, or refills for American pencils, 10 cents per gross and 30 per cent ad valorem.

Attention is drawn to the relative rates of wages in Germany (5 cents per hour for the average laborer) and in America (35 cents), representing a difference in cost of 6 cents per gross. On colored copy or indelible leads the duty should be at least 75 cents per gross plus 25 per cent ad valorem, the cost of the particular dye, in America, being from four to five times as much as in Germany.

PARAGRAPH 1451.—PHOTOGRAPHIC GOODS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES ON CAMERAS:

The Ansco Co. (Brief.)

FAVORING PROPOSED OR HIGHER DUTIES ON RAW FILMS (SENSITIZED BUT NOT EXPOSED):

Mr. P. A. Powers, representing Powers Film Products Co.

Mr. Charles H. Cole, representing Bay State Film Co., Eastman Kodak Co., and two others.

Mr. Jules E. Brulatour. (Brief.)

The Ansco Co. (Brief.)

FAVORING PROPOSED OR HIGHER DUTIES ON FINISHED PRODUCTIONS (FILM EXPOSED, DEVELOPED OR UNDEVELOPED; POSITIVE PRINTS):

Mr. Paul M. Turner, representing Actors' Equity Association.

Mr. John Emerson, representing independent producers.

The Powers Film Products (Inc.). (Brief.)

The Actors' Equity Association. (Brief.)

FAVORING LOWER DUTIES ON FILM (SENSITIZED BUT NOT EXPOSED), FILM EXPOSED (DEVELOPED OR UNDEVELOPED), AND POSITIVES:

Mr. Frederick R. Coudert, representing Pathe Film Co.

Mr. Saul E. Rogers, representing National Association Motion Picture Industry.

Mr. Edward F. Colladay, indorsing Mr. Rogers's presentation.

Mr. G. S. McFarland, representing International Film Service.

Mr. William A. Deford, representing International Film Service.

Mr. S. F. Hartman, representing Universal Film Manufacturing Co.

Mr. Daniel R. Forbes, representing Seneca Camera Co.

The International Newsreel Corporation. (Brief.)

Republic Laboratories (Inc.). (Brief.)

Claremont Film Laboratories (Inc.). (Brief.)

Coudert Bros., representing Pathe Film Co. (Brief.)

Memorandum from the Belgian Ambassador, Washington, transmitted to the Finance Committee by the Secretary of State.

Photographic cameras:

Witness: The Ansco Co., Binghamton, N. Y. (Brief; no appearance at hearings.)

Costs and selling prices.—Labor enters so largely into the cost of making cameras that the American manufacturer can not success-

fully compete with foreign makers, particularly the German. German and English cameras are again coming into this country in increasing volume and at the present rate of duty they can undersell the American product.

Rates suggested.—An ad valorem duty of 45 per cent will result in fair competition and provide a substantial revenue.

Motion picture films sensitized but not exposed:

Hearings: Pages 4342-4350.

Witness: Mr. P. A. Powers, representing Powers Film Products Co., New York, N. Y.

Costs and selling prices.—Cost in 1920, \$2.11 per 100 feet; selling price—Powers, \$2.40; Eastman, \$2.52. Selling price now of domestic film, \$2.25; of German film (in this country), \$1.75.

Comparability.—German film costs Mr. Powers \$0.90, and the costs of manufacturing domestic film is now \$2 per 100 feet.

Rates suggested.—Three-fourths of a cent per foot on positive and 1½ cents per foot on negative film, sensitized but not exposed.

Remarks.—The witness began manufacturing film in 1918, and was able to compete with and undersell the Eastman Co. He was forced to close his plant in 1921, however, because of the competition of German films. The Eastman Co. has also cut down production, and the Eagle Rock Co. has closed down.

Since closing his plant Mr. Powers has been importing film from Germany which he can now purchase at \$0.90 per 100 feet and sell in this country at \$1.75. He is importing between 250,000 and 500,000 feet a week—all he can obtain now—but he is promised deliveries by July of 5,000,000 feet per week. He prefers to manufacture film here and can do so in competition with the Eastman Co. and other domestic manufacturers if he is afforded protection from the German product.

Photographic and moving-picture films, sensitized but not exposed: Hearings: Pages 4309-4329.

Witness: Mr. Charles H. Cole, representing Bay State Film Co., Sharon, Mass.; Ansco Co., Binghamton, N. Y.; Eastman Kodak Co., Rochester, N. Y.; Powers Film Products Co., Rochester, N. Y.

Costs and selling prices.—The cost of production of American-made films in 1921 was \$1.92 per 100 linear feet; the estimated cost of Agfa (German) film was \$0.776 per 100 feet. The selling price of American film is \$2.25 per hundred, while the selling price in Germany of Agfa film is \$0.92 to \$1 per hundred. The witness cited specific instances of German film laid down in New York at \$1.31 per hundred and \$0.94 per hundred, and a quotation of German film laid down in New York at \$1.20 per hundred. Average cost of domestic labor was \$4.80 per day.

Size of industry.—Five companies in the United States are engaged in manufacturing moving-picture film, with a total investment for plants and equipment not suitable for other purposes of approximately \$50,000,000. Mr. Cole states that the total production of film in the United States last year was "between 700,000,000 and 800,000,000 linear feet. Imports for last three months have been at the rate of 240,000,000 feet a year.

Comparability.—The domestic companies fear competition chiefly from the Agfa Film Co., a German company controlled by the Ger-

man Chemical Trust. The detailed cost of producing 100 feet of film in this country and the estimated cost in Germany are as follows:

	Ger- many.	United States.
Celluloid.....	\$0.440	\$1.000
Silver nitrate, gelatin and chemicals.....	.214	.312
Labor and manufacturing expense.....	.102	.510
Overhead.....	.020	.100
Total.....	.776	1.922

Rates suggested.—Not less than three-fourths cent per linear foot on positive film sensitized but not exposed, and not less than 1½ cent per linear foot on negative film sensitized but not exposed. The witness stated that he preferred a specific duty, but if this were not granted he would suggest an ad valorem duty of 35 per cent on American valuation or 50 per cent on foreign valuation.

Remarks.—The witness filed briefs with letters and invoices in substantiation of the prices on German films quoted by him.

He states that unless increased duties are provided, the Agfa Film Co., controlled by the German Chemical Trust, will acquire the entire American market for unexposed film and dominate the motion-picture industry. This company now has a monopoly in Germany, Austria, and the central states of Europe, and is doing an immense volume of business in England, Italy, and Scandinavian countries.

The duty which the witness requests would not prohibit the importation of foreign films. It would still permit the importation of such films and their sale at a profit, but it would enable the American manufacturer to compete on a more even basis.

The Eastman Kodak Co. denies that increased duties would permit that company to monopolize the industry and increase prices. It states that it has no intention or desire to do this, but rather to encourage the industry and enlarge production, and states that with the rates suggested it could not raise prices and compete with German film.

The witness further stated that two American companies are not now able to manufacture film and sell in competition with the foreign film, and have therefore discontinued manufacturing.

Witness: Mr. Jules E. Brulatour. (Brief; no appearance at hearing.)

Costs and selling prices.—Foreign manufacturers can easily pay a duty of 20 per cent and still undersell American manufacturers. The brief states that the writer, who formerly sold foreign films exclusively, was able to pay the duty of 25 per cent imposed by the Payne-Aldrich tariff, plus freight, insurance, and all other charges, undersell the American manufacturer, and still make the enormous profit of one-half cent per foot. The prices at which film imported into this country is placed in consular invoices are:

[Cents per linear foot.]	
From Belgium.....	2.02
From France.....	1.25
From England.....	1.53
From Germany.....	1.07

The German Agfa Co. is flooding this market with its film and is actually offering to accept contracts here at 1.67 cents per foot delivered.

Size of industry.—There are five domestic manufacturers engaged in the production of this film.

Rates suggested.—The ad valorem duty of 20 per cent in the pending bill to be maintained.

Attention is called to an inconsistency in the present tariff act, namely, that sensitized film is admitted free of duty while the celluloid base of motion picture films is dutiable at 40 per cent.

Film sensitized, but not exposed:

Witness: The Ansco Co., Binghamton, N. Y. (Brief; no appearance at hearings.)

Rates suggested.—Photographic film sensitized, but not exposed or developed, should carry a duty of 30 per cent ad valorem. In a letter dated November 7, 1921 (nearly nine months later than the brief), developments are said to have shown that a duty of 30 per cent will be inadequate.

Remarks.—The photographic-film industry was created by the genius of an American. The patent owned by the Ansco Co. expired in 1915. This country would have been flooded with importations of photographic films had it not been for the war.

Motion-picture films, exposed but not developed; exposed and developed; positives, prints, etc. (finished productions):

Hearings: Pages 4288-4300.

Witness: Mr. Paul M. Turner, representing the Actors' Equity Association.

Costs and selling prices.—Pictures which cost \$20,000 to \$30,000 to produce in Germany are bringing returns here of \$300,000 to \$400,000.

Size of industry.—Capital invested between \$150,000,000 and \$200,000,000; 250,000 people connected with industry; 10,000 men and women actually in the production end (acting, etc.).

Comparability.—Motion pictures can be produced in Germany for about 10 per cent of the cost of production here. "Passion" is estimated to have cost \$30,000 to produce in Germany. It was sold to the American buyer for \$7,000, and brought in about \$400,000. To produce it in this country would have cost about \$400,000.

Rates suggested.—Fifty to sixty per cent ad valorem.

Remarks.—Mr. Turner stated that the subject would be divided between Mr. Emerson and himself.

He is requesting a high duty on the finished motion-picture productions in the interest of the people employed in the domestic industry who are dependent on American productions for their livelihood. The salaries of the actors are not high on the average. The largest portion, 80 per cent, composing what is known as the crowd, take very small parts in the picture. They are paid about \$10 when they work, which averages, over a period of a year, about \$5 a day. Sixteen per cent form the small-act class, who play parts of comparative importance. Their pay averages, over a year, about \$45 a week. The remaining 4 per cent are the higher-paid actors. A few of these, but only a few, may be said to be overpaid.

The result of foreign pictures being brought into the country will be to displace American-made pictures, which means decreased domestic production and unemployment for those connected with American production. The American producers will not produce here, but will transfer their activities to foreign countries, and use foreign actors.

With reference to the statement of Mr. Rogers that only a few foreign pictures have been suitable for presentation here, Mr. Turner filed a list of 54 foreign pictures which had been exhibited during the past few months. As regards a retaliatory tariff on our exports of pictures, he stated that the only countries that could be considered in this connection would be Germany, France, and Italy, the producing countries.

Motion-picture films, exposed but not developed; exposed and developed; positives, prints, etc.:

Hearings: Pages 4300-4308.

Witness: Mr. John Emerson, representing independent producers.

Rates suggested.—Fifty per cent to sixty per cent ad valorem.

Remarks.—Mr. Emerson states that he speaks for himself and Mr. David Griffith, as independent producers of motion pictures. Other independent producers are in favor of a higher tariff, but are not openly advocating it for fear of antagonizing the larger producers who control the distribution of their pictures.

The effect of foreign films was first felt about a year and a half ago. At that time there were 208 companies working in New York and Los Angeles and now there are only 83, a decrease in a year and a half of 60 per cent. The demand from theaters for pictures has not fallen off 60 per cent, only comparatively few theaters being closed.

The large producing companies are not in favor of a duty on finished productions because they have determined upon, and are, in fact, in process of transferring their production activities to foreign countries. With an American star and director they can produce abroad cheaply, and, with free entry of the films, send them here for exhibition at the highest possible price. Discontinuance of producing here will not affect the exhibition, as the large companies control the organizations which handle the distribution of pictures. Among them they practically control the theaters of the country and can dictate the prices at which the pictures can be sold.

One company, the Famous Players-Lasky, has reduced the number of companies in their Los Angeles studio from 10 to 3, and closed entirely their New York studio. They have opened studios in London, Berlin, and India and are planning one in France. The Fox Co. are producing in Italy. Their New York studio has been reduced from 6 companies to 3, and in Los Angeles from 12 companies to 4. If this item is retained on the free list the industry will be transferred entirely to Europe, the American workers will be deprived of a livelihood, the Government will get nothing, and the public will not benefit through lower costs.

The witness does not believe retaliatory duties will be imposed. Two countries have already placed duties on films, but these duties are for revenue purposes and not as a matter of retaliation. He states, however, that even if the foreign market were entirely closed

to American films and the American market closed to foreign films, the home market is ample to permit of payment of decent salaries and afford the producers a handsome profit.

The duty requested is not prohibitive, but it would serve to protect domestic producers.

Witness: The Powers Film Products (Inc.), New York, N. Y. (Brief; no appearance at hearings.)

Remarks.—Advocates of the free entry of moving pictures who appeared before the committee represented men who are producing pictures in Germany. They are closing American studios in order to transfer the production of pictures to Europe.

On the other hand, those who appeared before the committee to advocate a tariff on sensitized film and on moving pictures were practical men in the business, operating on their own money, while those on the other side, who claimed to represent the entire moving picture industry, represented in reality a combination of associated interests.

The combination has imported the greatest number of German pictures during the past two years, and has accumulated in this country a large number of pictures obtained at ridiculously low prices.

Witness: The Actors' Equity Association, New York, N. Y. (Brief; no appearance at hearings.)

Rates suggested.—If the industry in the United States is to survive, the provisions in the Fordney tariff must be retained.

Remarks.—The letter refers to two inclosed clippings, taken from the New York Times of September 1 and October 2, 1921. The former is a news item relating to the action of the Federal Trade Commission in issuing a formal complaint against the Famous Players-Lasky Corporation and 11 others, on the ground that they represent a combination and conspiracy to secure control and monopolization of the motion-picture industry of the country.

The second clipping, referring to the film industry in Germany, states that there are about 1,600 film companies in that country and that the cost of production is about half of what it is in England and one-sixth of that in America.

Motion-picture films, sensitized but not exposed:

Hearings: Pages 4331-4342.

Witness: Mr. Frederick R. Coudert, representing Pathé Film, 2 Rector Street, New York.

Size of industry.—The motion-picture industry, in 1920, paid taxes, outside of excess profit and income taxes, amounting to \$87,000,000. The production of raw film by one domestic company amounted to 800,000,000 linear feet per year.

Rates suggested.—Motion-picture film, sensitized but not exposed, free.

Remarks.—The interest represented by Mr. Coudert is opposed to a duty on films sensitized but not exposed on the grounds that such duty would strengthen the grip that the Eastman Co. now has on the raw film market, permit of increased prices by that company, and even permit of its controlling the motion-picture industry of the

country through control of the raw film; that it would not result in increased revenue to the Government, as such revenue as might be received from importations would not compensate for the loss due to decreased income and excess profit taxes from the motion picture companies; and that the domestic film manufacturing industry would not be hurt by allowing these films to enter free of duty.

To support his contention that the Eastman Co. is a monopoly, Mr. Coudert cited the case of *United States v. Eastman Kodak Co. and others* (United States District Court, Eastern District, N. Y., Aug. 24, 1915.) He further stated that the Eastman Co. manufactures more than 90 per cent of the domestic film, is able to export large quantities, and in 1920 made a profit, after paying income and excess profits taxes, of \$18,000,000 on a \$25,000,000 capitalization.

He believes that the few small domestic competitors of the Eastman Co. would not be hurt with raw film admitted free, as the labor item is insignificant, the manufacture being almost entirely mechanical, and the materials which enter into the film being more easily obtainable and cheaper here than abroad.

Another reason advanced by Mr. Coudert was the possibility of retaliation, which he feared would not only be directed against American raw film, but also against American motion-picture productions.

He stated that the company which he represents, Pathé, is an American corporation.

Photographic goods, motion-picture films, etc.:

Witness: Mr. Saul E. Rogers, representing the Fox Film Corporation and the National Association Motion Picture Industry, New York City.

Size of industry.—The American motion-picture industry is the fifth or sixth in point of size in the country. Employees number between 250,000 and 300,000.

Raw film: Manufactures amount to around 1,200,000,000 linear feet per year; domestic consumption is about 900,000,000 linear feet.

Comparability.—Finished productions: American productions dominate the domestic and foreign markets. Eighty to eighty-five per cent of films exhibited in foreign countries are produced in America. Foreign pictures generally are not suited for American audiences, about 10 out of 350 imported during the past three years having been found suitable.

Raw film (sensitized but not exposed): The Eastman Co. in the United States produces between 90,000,000 and 100,000,000 feet per month; three other domestic companies produce small amounts. Pathé (France) produces about 2,500,000 feet per month; the Belgian company about 5,000,000 feet (half of which is used at home); and the Agfa Co. (Germany) about 9,000,000 feet (half of which is used in Germany and most of the remainder exported to this country).

Rates suggested.—Motion-picture films exposed but not developed, 2 cents per linear foot; exposed and developed, 3 cents per linear foot; positives, imported for use with moving-picture exhibits, 1 cent per linear foot.

Raw films, sensitized but not exposed, free.

Remarks.—With regard to retaining the present duty on the finished production—films exposed but not developed, exposed and developed, and positives—Mr. Rogers testified, in effect, as follows:

The imposition of an ad valorem duty would result in retaliatory duties by foreign countries, thus jeopardizing the foreign market for American films; the American producer would be compelled to go abroad to produce in order to enter the European market on equal terms with the foreign producer; the American consumer would be compelled to pay a higher price if the standard is to be maintained; the tariff is unnecessary and would produce small revenue, the number of foreign productions imported having been small and not having made any material inroad in the American market.

It is from the foreign business that the profit is derived, the producers counting on the home market only for amortization of production cost and a very small profit. With retaliatory duties barring American films from other countries, thus destroying the foreign market, or at best making it a speculative one, it would be necessary to obtain both the profit and the amortization of production cost from the market in this country, that is, by passing the burden on to the consumer—the public. The alternative to this would be to lower the standard of production, which would mean losing the dominant position now held and, consequently, the opportunity for foreign films to come in and outstrip the domestic industry.

Practically all the manufacturers of motion pictures in the country are opposed to an ad valorem duty, and so far as can be discovered only one independent producer (Mr. David Griffith) is in favor of it.

Mr. Rogers filed clippings with the committee to show that the fear of retaliatory duties is well founded. He also stated that the industry has been served with a protest by the Canadian Motion Picture Distributors' Association against an increased tariff, stating that Canada will follow in the footsteps of Great Britain in bringing about retaliation. This protest was also filed.

On the subject of retaining on the free list films sensitized but not exposed, Mr. Rogers gave the following testimony:

The only object that would be served by a duty on raw film would be to help the Eastman Kodak Co. to maintain their monopoly on this article. This company at present controls between 95 and 98 per cent of the American market and a large part of the foreign market. Prior to the entry of foreign films the company could dictate any price it desired, but with foreign competition the price has fallen. The profits of the Eastman Co. are still tremendous, both at home and abroad.

The laboratory men, who are the chief users of raw film, had appeared before the Ways and Means Committee and submitted a brief by Mr. Tom Evans in which every laboratory joined. This brief opposed the imposition of a duty on raw film and pointed out that the laboratories were in danger of being forced out of business by the Eastman Co. In order to bring these laboratories under their control the Eastman Co. acquired three laboratories which they threatened to open and operate unless the other laboratories purchased their supplies of stock from the Eastman Co. As a result a contract was made under which the laboratories agreed to limit their purchases to Eastman stock, and the Eastman Co. agreed not to open

their laboratories, with the proviso that as soon as there was any evidence of departure from this plan the Eastman Co. would open them and go into competition with the other laboratories, undersell them in the market, and practically force them out of business. As soon as this contract was completed the laboratory men withdrew the brief they had filed with the committee and withdrew every remark they had made against the Eastman Co.

A copy of the brief referred to was filed by Mr. Rogers (p. 4285).

Film sensitized but not exposed:

Hearings: Pages 4329-4331.

Witness: Mr. G. S. McFarland, International Film Service, Boston, Mass.

Remarks.—Mr. McFarland stated that he would answer a question asked by Senator McLean as to the amount of protection to American labor under the proposed rate. He stated that the cost of labor to the Eastman Co. in sensitizing the films is about \$500,000 a year, about 0.1 of 1 cent per foot. This, he contends, is insignificant. He did not know the total cost of production per foot.

Motion-picture films, sensitized but not exposed:

Hearings: Pages 4350-4354.

Witness: Mr. William A. Deford, representing International Film Service (Inc.) and International Newsreel Corporation.

Size of industry.—Eastman produces about 100,000,000 feet a month. Powers produces about 1,200,000 feet a month. Bay State produces about 1,200,000 feet a month. Eastman employs about 500 wage earners.

Rates suggested.—Motion picture films, sensitized but not exposed, free; negatives of news pictures, free.

Remarks.—The Eastman Co. has practically a monopoly on the domestic business, and under the proposed duty would be able to fix and set exorbitant prices. Protection is not needed, as foreign competition is now largely speculative and not a real menace. Without this competition the Eastman Co. will have the entire motion picture industry in its grip, as it will have control of the basic product, and heretofore it has used such power to obtain control.

The witness states that the Allied Film Laboratories (Inc.), an organization of independent laboratories, appeared before the Ways and Means Committee to oppose the proposed duty on raw films. When they had done this the Eastman Co. purchased two or three operating laboratories and told the Allied Laboratories (Inc.) that if they continued the opposition to the proposed duty the Eastman Co. would put them out of business, which they could do by operating laboratories in competition. As a result a contract was entered into by these laboratories and the Eastman Co. (Sept. 20, 1921), and the laboratories have discontinued their opposition.

The Eastman Co. does not need protection from a labor standpoint, as their employees number only about 500.

The witness also requested that pictures of foreign news events be permitted free entry. If they were held for appraisal they would lose their news value.

Motion picture films, exposed but not developed; exposed and developed; positives, prints, etc.:

Hearings: Pages 4308-4309.

Witness: Mr. Siegfried F. Hartman, representing the Universal Film Manufacturing Co.

Rates suggested.—Free list.

Remarks.—The witness stated that the Universal Film Co. has no intention of transferring its production activities abroad, and that their plant is now being utilized at very near its full capacity. They do not want a duty on finished pictures, as they fear retaliatory duties, and the receipts from foreign exhibition represent their profit.

Roll films for hand cameras:

Hearings: Pages 4354-4357.

Witness: Mr. Daniel R. Forbes, representing the Seneca Camera Co.

Rates suggested.—Free.

Remarks.—The witness speaks in reference to film rolls such as are used in the ordinary hand camera, and which have no relation to motion-picture films. His company manufactures cameras, not films, but in order to keep the cameras on the market must furnish films for them. They can not obtain films from the film manufacturers on terms permitting of retail competition with films for other cameras and have therefore been importing films from England. If they can not furnish films for their cameras on the same basis as films offered for other cameras, their cameras will not sell. The film they import does not undersell the domestic film. It is made in England on celluloid exported from this country.

News films:

Witness: The International Newsreel Corporation. (Brief; no appearance at hearings.)

Rates suggested.—Imported topical films should be exempted from the proposed tariff duty of 30 per cent ad valorem on motion-picture negatives and positive prints. The duty as applied to topical films would not afford protection for an American industry, because American news-reel producers themselves use the imported product. Most of the imported topical film is received by American news-reel producers in exchange for American topical films.

The revenue would be small, as the total importations of this class of films do not exceed 3,000 to 4,000 feet per week.

The imposition of an ad valorem duty would result in delays incident to appraisals, seriously impairing the value of the imported product.

Remarks.—"Topical films" are meant to cover motion pictures devoted to representations of actual current events and containing no pictorial matter whatever.

Films sensitized but not exposed:

Witness: Republic Laboratories (Inc.), New York, N. Y. (Brief; no appearance at hearings.)

Rates suggested.—Raw film stock to be retained on the free list.

Remarks.—It is stated that the Eastman Kodak Co., which now controls over 90 per cent of the motion-picture film printed in this

country, will be continued as a monopoly if raw film stock is not permitted to come into this country free of duty.

The Eastman Co., through Mr. Jules E. Brulatour, its sole agent, is building large laboratories to compete with the independent laboratories at prices and on terms which the latter can not meet.

Films sensitized but not exposed:

Witness: Claremont Film Laboratories (Inc.), New York, N. Y. (Brief; no appearance at hearings.)

Remarks.—The fact of the matter is that if this duty (20 per cent ad valorem) is placed upon foreign raw stock it places the laboratories entirely at the mercy of the Eastman Kodak Co. That company has already invaded the laboratory field with plants capable of printing more film than is necessary for the entire needs of the country, and is now quoting prices at approximately what the raw stock costs. If a duty is placed on the stock, the independents can not compete with the Eastman laboratories.

The producers of pictures make one negative and the prints are made in the laboratories. If the Eastman Co. secures a monopoly of the laboratory work, it will be in a position to dictate any price it wishes.

Films sensitized but not exposed:

Witness: Photostat letter of the Erbograph Co., New York City, to the Pathescope Co. of Canada (Ltd.), transmitted to the Finance Committee by Coudert Bros., counselors at law, New York, N. Y.

Remarks.—The photostat letter states that the Erbograph Co. would be unable to supply the Pathescope Co. of Canada with prints on Pathescope stock, as it was necessary for the former company to become a party to an agreement calling for the exclusive use of American-made film. This letter is given as evidence to support the charge that the Eastman Co. is seeking to eliminate foreign competition and to secure complete control of the American market.

Films sensitized but not exposed:

Witness: Memorandum from the Belgian ambassador, Washington, transmitted to the Finance Committee by the Secretary of State.

Remarks.—The firm L. Gevaert & Co., of Vieux Dieu, Belgium, through Mr. Louis Destenay, director of the Gevaert Co. of America (Inc.), states that if the high tariff of 30 per cent should be imposed on this product the American company will, as a result, be unable to import in the future and that they would as a consequence be obliged to cease purchasing celluloid from the American Celluloid Co.

The point is made that the German and French film manufacturers export to the United States a product that is entirely foreign, while the Gevaert Co. of Belgium exports a product that is in origin 70 per cent American. Considering the very high percentage of American material entering into the product the Gevaert Co. should benefit by the drawback tariff, namely, that the prospective tariff should apply only to that ad valorem quota pertaining to the Belgian percentage value, viz, approximately 30 per cent of the total value of the finished product.

PARAGRAPH 1452.—PIPES AND SMOKERS' ARTICLES.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Witness: Mr. Leopold Demuth, representing W. M. Demuth Co., New York City.

Hearings: Pages 4357-4358.

Rates suggested.—Approves of paragraph 1452 as written. Requests that articles enumerated in paragraph 403 (brier root or brierwood, ivy, or laurel root, etc.) be placed on the free list, as there is no substitute found in this country.

(NOTE.—Mr. Demuth's statement that these articles were free prior to the present tariff act overlooks the fact that they were dutiable under the Payne-Aldrich Act.)

PARAGRAPH 1454.—THERMOSTATIC BOTTLES.

WITNESSES.

FAVORING PROPOSED OR HIGHER DUTIES:

The Simplex Vacuum Manufacturing Co., Philadelphia, Pa. (Brief.)
Manufacturers of thermos and vacuum bottle products. (Brief.)

Witness: The Simplex Vacuum Manufacturing Co., Philadelphia, Pa. (Brief; no appearance at hearings.)

Costs and selling prices.—The brief includes the following table:

Comparison of prices.

German No.	Simplex No.	German quotation, c. i. f. Baltimore or New York.	Simplex wholesale quotation.	
			Jan. 1 to May 31.	Since June 1.
No. 1, 1 pint.....	100	\$0.21	\$1.37½	\$1.12½
No. 1, 2 pints.....	101	.37½	2.12½	1.75
No. 4, 1 pint.....	404	.27½	1.62½	1.37½
No. 4, 2 pints.....	405	.48	2.37½	2.00
No. 7, 1 pint.....	406-c	.48	2.00	1.75
No. 7, 2 pints.....	407-c	.78	2.87½	2.50
No. 8, 1 pint, refill.....	414	.13	.87½	.75
No. 8, 2 pints.....	415	.22	1.25	1.00

At these prices an average net profit of 10 per cent can be made under normal conditions. Orders are being taken by the company at an extra 10 per cent discount off these prices; that is, at actual cost, in order to keep the plant going and the organization intact.

A fuller description of the product is given in an attached memorandum.

Remarks.—A copy of a letter addressed to the company by E. A. Krieger and Friedeberg, Berlin, Germany, is attached, in which the foreign concern solicits trade.

Hearings: Pages 4363-4365.

Witness: Manufacturers of thermos and vacuum bottle products. (Brief of Mr. William B. Walker; no appearance at hearings.)

Comparability.—The brief includes a table contrasting detailed German and domestic costs of the bottle commanding the largest sale

in this country, with the German mark taken at approximately one-half cent. The final averages of the 13 included items work out at 9.2 cents for the German and 101.1 cents for the American article.

Rates suggested.—The brief discusses at length the operation of various tariff rates and shows that a specific duty of 33 to 57 cents, plus 60 per cent on the foreign selling value, will be needed to prevent the closing of United States plants employing approximately 5,000 persons. On American valuation the total duties to be assessed would range from 43 to 72½ cents per bottle, according to size.

PARAGRAPH 1457.—WHITE BLEACHED BEESWAX.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED OR HIGHER DUTIES:

Witness: Mr. R. J. Mayer, representing the Theodor Leonard Wax Co.

Hearings: Pages 4292-4297.

Costs and selling prices.—Germany is delivering this material at an average price of 23 cents a pound. The crude material costs the Theodor Leonard Wax Co. from 23 to 24 cents. The American product can not be made and put on the market for less than about 36 cents a pound.

An extract from copy of invoice, page 4292, of Araujo & Co., Lisbon, to E. A. Bromund & Co., New York, shows the following prices: E. B. 1/20-20 cases with guaranteed, pure shredded white beeswax: G. W. Kilos, 1,310; Tare, Kilos, 294.7, N. W. Kilos, 1,016 = at pounds, 2,240, at 2 1/2 c., dollars \$481.60.

Rates suggested.—A duty of either 20 per cent ad valorem on American valuation or 30 per cent ad valorem on foreign valuation, based on the supposition that the crude beeswax will be retained on the free list.

Remarks.—A brief previously filed with the Committee on Ways and Means explained why white bleached beeswax should be placed on the dutiable list and not in the free list with crude beeswax. Details of the processes of manufacture were also given.

SCHEDULE 15.—FREE LIST.

PARAGRAPH 1504.—AGRICULTURAL IMPLEMENTS, AND PARTS OF.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING HIGHER DUTIES:

The North Wayne Tool Co., of Hallowell, Me. (Brief.)

Mr. Finley P. Mount, representing manufacturers of agricultural implements.

Mr. William K. Payne, representing manufacturers of scythes, corn cutters, etc.

The Rixford Manufacturing Co., East Highgate, Vt. (Brief.)

MARKING PROVISIONS (CANADA):

The Garden City Feeder Co., Pella, Iowa. (Brief.)

Witness: The North Wayne Tool Co., of Hallowell, Me. (Brief; no appearance at hearings.)

Attention is directed to the pledges of the Republican Party appearing on the back page of the Republican 1920 campaign textbook, as follows:

The Republican Party reaffirms its belief in the protective principle and pledges itself to a revision of the tariff as soon as conditions shall make it necessary for the preservation of the home market for American labor, agriculture, and industry.

It is asserted that, in the Fordney tariff bill, this pledge means only a plank on which to get into office, for American manufacturers of scythes, sickles, grass hooks, corn knives, etc., get not one particle of protection on their products.

If the company's factory has to shut down, or to diminish the market for American labor, a sign will be made of this pledge, to hang on the front door.

Protection is demanded against cheap foreign labor, sufficient to meet the difference in wages and exchange.

Hearings: Pages 4367-4370.

Witness: Mr. Finley P. Mount, representing Manufacturers of agricultural implements.

Costs and selling prices.—The wages and overhead charges in the production of agricultural implements are practically the same in Canada as in the United States. Canadian threshing machines and other agricultural implements are shipped into the United States. By reason of the adverse exchange rate that has always prevailed, the Canadian manufacturer is able to get substantially that much more profit on his importations into the United States than the American manufacturer gets on his into Canada.

Comparability.—The witness understands that more than 90 per cent of all importations of agricultural implements are from Canada. American manufacturers must pay on agricultural implements exported from the United States into Canada $17\frac{1}{2}$ per cent duty and an additional importation tax of 1 per cent. In the Canadian market, the Canadian manufacturer therefore enjoys the advantage of this duty against the American manufacturer. He undersells the American manufacturer in the Canadian market, and with the exchange advantage can undersell him in the United States.

Agricultural implements shipped to the United States free, principally from Canada, for the 11 months ending as follows:

Nov. 30, 1918.....	\$664,327
Nov. 30, 1919.....	3,077,617
Nov. 30, 1920.....	5,550,561

Specifically, the most marked increases in agricultural implements shipped from Canada to the United States, duty free, are as follows:

	Years ending Mar. 31—		
	1918	1919	1920
Cream separators.....	\$72,854	\$40,886	\$125,875
Harvesters and binders.....	12,861	5,085	437,222
Cultivators.....	7,127	12,257	78,714
Drills.....	7,154	6,686	19,675
Plows, and parts of.....	15,847	77,574	670,095
Threshing machines, separators, and parts.....	14,716	17,529	1,597,498

Rates suggested.—The tariff laws of the United States should be placed on a reciprocal basis with those in so far as they

relate to the importation into either country, by the other, of the manufactured products referred to above. The farm machinery manufacturers of the United States believe that common fairness entitles them to ask for this reciprocal duty. The Canadian manufacturer does not undersell the American manufacturer in the United States, but he makes a larger profit on goods shipped into the United States, and with this profit is enabled to, and does, undersell the American manufacturer in Canada.

Hearings: Pages 4371-4372.

Witness: Mr. William K. Payne, representing manufacturers of scythes, corn cutters, etc.

Costs and selling prices.—The cost of manufacturing a dozen scythes in the United States is \$10.50. The freight to the jobber is 50 cents and, with a profit of 14 per cent, these scythes cost the jobber, delivered, \$12.50 per dozen.

Comparability.—Importers are freely offering competitive scythes of Swedish manufacture delivered for \$9.50 per dozen. Scythes of Austrian manufacture are coming in at \$9 per dozen delivered.

The same approximate relation exists between the American and the competing foreign selling prices of sickles, grass hooks, and corn knives.

Rates suggested.—Scythes, sickles, grass hooks, and corn knives to be restored to the dutiable schedule with a duty of 35 per cent ad valorem, and the general provision for all other agricultural implements, if left on the free list to be so amended as to exclude these small hand cutting tools.

Remarks.—The industry enjoyed a protective tariff until the Act of 1913 placed its products on the free list under the provision for "all other agricultural implements of any kind and description, whether specially mentioned herein or not." This paragraph was framed for the purposes of giving the farmer some relief from the high prices he was obliged to pay for expensive farm machinery, which it was felt were caused by a more or less monopolistic control of the production of tillage and harvesting machinery.

Whether or not this feeling was justified, and whether or not the remedy sought has been effective, the witness submits that scythes and kindred hand cutting tools have no place in this paragraph.

The average cost of a scythe to the farmer, who uses it for from 5 to 10 years, is insignificant, and the free importation of foreign scythes could not reduce his yearly expenses by more than 5 cents under the most favorable calculation. While the scythe is generally thought of as one of the farmer's tools, the fact is that he is not the chief user of it. By far the largest users of scythes are the railroad companies, which use them in keeping down the grass on their narrow right of way.

Witness: The Rixford Manufacturing Co., East Highgate, Vt. (Brief; no appearance at hearings.)

Comparability.—The company had a considerable shock in examining the Fordney tariff bill to note that it carried no duty on scythes from foreign countries. The company had expected that the old duty of 35 per cent, which was in effect until the Wilson administration went into power, would at least be reestablished. They had hoped for a 40 per cent duty, because, even with the old

duty, the company was forced to meet damaging competition from Austria; scythes are manufactured in that country at a cost with which it is absolutely impossible to compete. Austria's low labor and material costs afford an opportunity to sell scythes in this country at such a low figure that every American manufacturer will find himself forced either to shut down his factory or operate it at a loss.

Rates suggested.—The company urges that the tariff bill be amended in such a manner as to include a duty of at least 35 per cent on foreign scythes. This demand is a real necessity to the welfare of an industry which at best is far from remunerative.

Witness: The Garden City Feeder Co., Pella, Iowa. (Brief; no appearance at hearings.)

Remarks.—Attention is directed to the provisions in the Canadian tariff relative to the marking requirements on imported goods. It is requested that H. R. 7456 be scrutinized, to the end that relief may be obtained from Canadian provisions requiring the marking of machine parts imported into that country from the United States.

PARAGRAPH 1504.—SUGAR MACHINERY.

WITNESS, AND INTEREST REPRESENTED.

FAVORING HIGHER DUTIES:

The American Tool & Machine Co., Hyde Park, Boston, Mass. (Brief; no appearance at hearings.)

Costs and selling prices.—Labor costs are much lower in Scotland than in the United States.

Size of industry.—The American Tool & Machine Co., employs normally about 500 men, nearly all of whom are skilled mechanics; it pays about \$600,000 a year in wages. In 1911 the company's business amounted to over \$690,000 and in 1912 to slightly less than \$595,000, over 62 per cent of which was sugar machinery.

Rates suggested.—A rate of 45 per cent ad valorem is requested to enable the domestic industry to obtain a fair share of the American business and to enable American manufacturers to compete in the Cuban market.

Remarks.—In 1911 and 1913, orders which should have been placed here went to Watson Laidlaw & Co., Scotland, because of lower prices.

As evidenced during the recent war, the equipment of the domestic industry is well suited to the manufacture of powder machinery and of tools required in the production of various war supplies.

PARAGRAPH 1509.—CRUDE OR NEEDLE ANTIMONY.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING HIGHER DUTIES:

Mr. G. C. Riddell, representing the Wah Chang Trading Corporation.

REQUESTING RECLASSIFICATION:

Mr. Martin T. Baldwin, special attorney, office of the assistant attorney general, New York. (Memorandum.)

Hearings: Pages 4372-4374.

Witness: Mr. G. C. Riddell, representing the Wah Chang Trading Corporation.

Size of industry.—The United States must, in the main, continue to import its antimony supplies, the natural deposits of this country being deficient. It is further an absolute certainty that the bulk of the antimony supply of the world must continue to come from the Chinese deposits.

Rates suggested.—The present act carries a duty of 10 per cent ad valorem on antimony metal and other products of antimony, but in H. R. 7456 one of these products, called needle or liquated antimony, is transferred to the free list, while the duty on antimony metal is increased. Paragraph 376 retains antimony metal on the dutiable list at 1½ cents per pound. It is suggested that the differential between antimony metal and antimony "crude, liquated or needle," should be ½ cent per pound. If the metal is to be dutiable, as in paragraph 376, at 1½ cents per pound, "crude" or "needle" should carry 1 cent per pound, and paragraph 376 should be revised to read as follows:

Antimony as regulus or metal and alloys thereof, in which antimony is the constituent of chief value, 1½ cents per pound; antimony as crude, needle, or liquated, 1 cent per pound.

To have needle or liquated antimony on the free list would have the following results: It would eventually completely eliminate the importation of the 7,000 to 12,000 tons of antimony metal and oxide now brought into this country annually. It would give the four or five firms that are in the antimony refining business a monopoly. The needle or liquated form of antimony can very easily be made into either antimony metal or oxide, and it would be this form of antimony that would become, under the new bill, the article of commerce—a commodity which would be shipped here from China for conversion into metal or oxide. There would be the loss of the revenue from the importation of the product known as "needle, liquated, or crude" antimony, and at the same time the long established Chinese smelting industry would be virtually ruined, to no useful purpose.

Witness: Mr. Martin T. Baldwin, special attorney, office of the assistant attorney general, New York. (Memorandum.)

Paragraph 1509 of the House bill provides in the free list for "antimony ore and needle or liquated antimony, but only as to the antimony content."

Mr. Baldwin suggests that the phrase "but only as to antimony content," does not seem applicable to "needle or liquated antimony." That product consists only of sulphur and antimony (sulphide of antimony), and sulphur is itself free under paragraph 1662.

PARAGRAPH 1510.—ARCHIL LIQUID.

WITNESS, AND INTEREST REPRESENTED.

FAVORING HIGHER DUTIES:

Mr. Maurice Landin, representing the Boreal Chemical Co., New York City.
(Brief; no appearance at hearings.)

Size of industry.—Seven hundred thousand pounds of this extract, including cudbear, a by-product, were imported in 1920. A few

American manufacturers know how to produce this, but European competition prevents it.

Rates suggested.—A small duty.

Remarks.—This is an extract of the archil weed. A small duty would start an American industry and be a source of revenue.

PARAGRAPH 1513.—SULPHIDE OF ARSENIC.

WITNESS, AND INTEREST REPRESENTED.

FAVORING HIGHER DUTIES:

Mr. Henry M. Eakin, representing manufacturers of the State of Washington.

Hearings: Pages 4374-4376.

Size of industry.—The interests represented by the witness own deposits of arsenic sulphide, developed equipped for production, but at present inoperative. The arsenic content averages 140 pounds to the ton.

Rates suggested.—Five cents per pound on red arsenic, to meet the competition of artificial arsenic sulphide from Europe.

Remarks.—There is an opportunity here to produce a superior product—a nonpoisonous pigment of the finest quality.

PARAGRAPH 1514.—AMERICAN MERCHANDISE RETURNED AFTER HAVING BEEN EXPORTED.

WITNESS.

The Merchants' Association of New York. (Brief; no appearance at hearings.)

Remarks.—The association urges the elimination of that portion of paragraph 1514 which restricts the free importation of returned American merchandise to that imported by or for account of the person by whom it was exported from the United States. In so doing, the brief refers to the movement of merchandise in the ordinary course of business, and not to the extraordinary conditions which have arisen as the result of the sale of large quantities of war materials in France. Some of this has been returned to the United States and distributed in this country at a price underselling the American market. That situation, temporary in nature, could readily be provided for by separate emergency legislation applicable only to this class of merchandise.

Instances are constantly occurring in which exported American merchandise must be brought back to the United States by persons other than the shipper. In cases where an American shipper has gone out of business, and where the foreign customer refuses to accept the merchandise, the domestic bank or others, not being the shipper, who would become the actual owners of the merchandise could not import the goods free of duty under the provisions of the paragraph in question.

PARAGRAPH 1515.—ASBESTOS (CRUDE).

WITNESS, AND INTEREST REPRESENTED.

FAVORING HIGHER DUTIES:

Hon. Henry F. Ashurst, United States Senator from Arizona, representing asbestos producers.

Hearings: Pages 4377-4381.

Size of industry.—Known for more than 2,000 years as a heat insulator, the use of asbestos has greatly increased during the last half century. To-day a capital of over a hundred million dollars is invested in an industry employing over 20,000 workers and having an annual turnover equal to the capital. It was stated by a witness before the Committee on Ways and Means that \$8,000,000 worth of wooden shingles were replaced in 1920 by asbestos shingles.

Comparability.—The great labor advantage enjoyed by European manufacturers in regard to wages is supplemented by their control of the second largest asbestos deposits in Rhodesia and South Africa, where the raw asbestos is produced by Kaffir labor at an average wage of 25 cents per day.

Rates suggested.—A flat duty of at least 20 cents per pound on all asbestos ore and fiber.

Remarks.—The absence of iron from the Arizona asbestos makes it a surer nonconductor of heat, thus adding to its value for fire-protection purposes.

PARAGRAPH 1517.—JUTE BAGGING FOR COVERING RAW COTTON.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING HIGHER DUTIES:

Mr. Julius Werner, representing Mente & Co., New Orleans, La.

Mr. James W. Manson, representing Young & Metzner, Long Island City, N. Y.

Hearings: Pages 4381-4383.

Witness: Mr. Julius Werner, representing Mente & Co.

Size of industry.—In the past the independent bagging manufacturers, whom the witness represents, have supplied about one-half of all the bagging used for covering the American cotton crop. With the two largest American bagging firms, whose combined output is equal to one-half of the domestic production, moving their plants to India, it is only a question of time when all the bagging will be imported and independent domestic bagging producers will be forced to close their factories.

Rates suggested.—Paragraph 1008, relating to jute cloths, to remain as it is, and paragraph 1517, relating to bagging, to be stricken out. If this is done both bagging and burlap will be dutiable at 1 cent a pound. Bagging under H. R. 7456 is free of duty.

Remarks.—A duty on bagging is requested on account of two of the American manufacturers moving their plants to Calcutta. These two companies have appeared in all tariff hearings in the past, re-

questing a duty on bagging; this year they have not appeared. It is requested that the duty on bagging be the same as that applied on other jute cloths; namely, 1 cent per pound. The point should be emphasized that a duty of 1 cent per pound is the minimum that will afford the necessary protection. The rate of six-tenths of 1 cent per square yard afforded in the acts of 1897 and 1909 will not now be sufficient, owing to an advance of over 100 per cent in labor rates and because a large amount of the imported bagging will weigh 4 pounds to the square yard, instead of 2 pounds as formerly. Six-tenths of 1 cent per square yard is only about one-eighth of 1 cent per pound and would furnish no protection against the American firms now located in India. While burlap, bagging, and steel ties for tying up cotton bales are all on the free list in the act of 1913, they were all dutiable in the Republican tariffs of the past. In H. R. 7456, however, bagging is the only one of the three articles on the free list.

Hearings: Pages 4383-4393.

Witness: Mr. James W. Manson, representing Young and Metzner, Long Island City, N. Y.

Costs and selling prices.—A pay roll, including both Indian and white labor, of an English jute mill located in Calcutta shows their pay for a week of 72 hours to have averaged \$1.38 per operative. The wages paid to corresponding classes of workers in American jute mills range from \$24 to \$30 per week. Two to two and one-half Indian laborers are equal in efficiency to one American. Indian mills can buy raw jute in India at about 1 cent per pound. Freight charges and cost of manufacturing bagging causes the present price of domestic bagging to amount to about 8½ cents per yard.

Size of industry.—Out of a normal cotton crop requiring about 60,000,000 yards of bagging, the independent manufacturers, including those making bagging from raw sugar bags, supply a total of 25,000,000 yards. The plant of the witness, located in Long Island City, has a value of about \$1,000,000.

Comparability.—Bagging made from bags purchased in this country from Cuban sugar refiners is cheaper material than domestic bagging. The sugar bags are made in India, exported to Cuba, filled there with raw sugar and exported to this country. The five firms here represented clean these bags, cut them up, and sew them into bagging for covering raw cotton. There has never been a time during the past thirty years when the witness's company could not have sold twice its output. Sugar bag cloth is very popular with farmers and ginnermen, much more so than the new bagging made in this country from imported jute butts.

Remarks.—The two large American companies are now going to Calcutta. They will buy Indian material, their labor will be Indian, and the money expended will remain in India. They will be under no such labor regulations and under no such taxation as the domestic producers still operating in this country. Every dollar the domestic bagging producer expends remains in the United States.

PARAGRAPH 1520.—BIBLES.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING HIGHER DUTIES:

Mr. C. F. Kint, representing the John C. Winston Co., Philadelphia, Pa.
The National Publishing Co. (Brief.)

Hearings: Pages 4393-4396.

Witness: Mr. C. F. Kint.

Size of industry.—The firm manufactures and publishes nearly 500 styles of Bibles, in addition to general publications.

Comparability.—American Bibles are mainly produced in New York and Philadelphia. The Philadelphia concerns are all controlled by American capital; the New York concerns are either controlled by English capital or they have English affiliations, the Oxford University press, for example. On the basis of direct information from London the witness gave present printers' and binders' wages in London as \$21.25 per week, as compared with his firm's wages of \$44 to \$49.50 for printers and \$34 to \$43.50 for binders—practically double the English rates. The margin of profit in Bibles has always been small.

Witness: The National Publishing Co. (Brief; no appearance at hearings.)

Rates suggested.—The company objects to Bibles being placed on the free list. This would work great injury to publishers who print and bind all their Bibles in the United States. In addition to the labor cost in Great Britain being about half of the cost in America, American publishers import considerable paper upon which they have to pay a duty of 10 per cent plus, which makes the cost of production much higher in America. If Bibles are placed on the free list, it will set up unfair competition.

PARAGRAPH 1523.—BISMUTH.

WITNESS, AND INTEREST REPRESENTED.

FAVORING HIGHER DUTIES:

Mr. William Loeb, jr., representing the American Smelting & Refining Co.

Hearings: Pages 4396-4397.

Costs and selling prices.—Bismuth is produced in the United States entirely as a by-product. The cost of production depends upon the percentage of each operation which is charged against bismuth as compared with the other products recovered from the smelting operations. The cost of production can, therefore, be stated only approximately, as each company's figures are influenced by their accounting methods. The highest cost of production for the year 1920 was \$2.14 per pound. It is believed that the cost of production will be materially lowered during the latter part of 1921 and thereafter, and it is hoped to bring it down to approximately \$1 per pound.

The cost of foreign production is unknown, but must be low, due to the working of high-grade bismuth ores containing from 25 per cent to 70 per cent bismuth. When these figures were made up, the

market price was from \$1.35 to \$1.40 per pound. With the present high rate of exchange, the price is about \$1.55 to \$1.60 per pound.

As bismuth is produced as a by-product only, and is contained in substantial quantities in various lead ores, the United States should conserve its raw material assets by encouraging smelters to recover this valuable material. There is every reason to believe that the domestic production can be increased to take care of the domestic consumption.

Rates suggested.—A specific duty of 25 cents per pound on refined bismuth metal, in order to protect American producers against foreign low-cost producers. Bismuth salts and preparations are dutiable at 25 per cent ad valorem as against a former protection of 10 per cent ad valorem.

The witness suggests that the duty on bismuth salts and other preparations be changed to 20 cents per pound, plus 25 per cent ad valorem, because 0.8 of a pound of bismuth is used in manufacturing 1 pound of the usual bismuth salt; hence, 0.8 of 25 cents per pound would give 20 cents per pound additional protection for each pound of bismuth salts.

PARAGRAPH 1527.—BONES.

WITNESS.

SUGGESTING REVISION OF PARAGRAPH:

Baugh & Sons Co., Philadelphia, Pa. (Brief; no appearance at hearings.)

See hearings before Ways and Means Committee (pp. 3529–3530), in which this and other firms describe the following terms as properly listing the materials referred to:

Bones, crude, whole, crushed or ground, bone meal, steamed bone, calcined bone, and bone dust, crude bone ash, also spent or discard bone black.

These constitute raw materials and should, as such, be on the free list.

PARAGRAPHS 1529–1532.—EDUCATIONAL BOOKS.

WITNESS.

FAVORING LOWER DUTIES.

Mr. M. L. Raney, librarian of Johns Hopkins University, Baltimore, Md.

Hearings: Pages 4398–4401.

The witness submitted a brief objecting to the provisions of H. R. 7456, dealing with English books more than 20 years old, foreign-language books, school textbooks, and immigrants' books if valued at more than \$250. The potential effect of these provisions is discussed at length and a contrast is drawn between them and the regulations in force in other countries. "The Old World is virtually of one opinion on this business."

As regards the effect on libraries, it is pointed out that a great increase in clerical work will be entailed by the affidavit provisions. It is urged that the typothetæ, lithographers, and bookbinders who favor the provisions of the bill have a worthy aim but a mistaken notion of the way to obtain it.

The brief sets forth the language necessary to effect the changes regarded as necessary.

PARAGRAPH 1531.—RELIGIOUS BOOKS.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED DUTIES:

Rev. M. J. Curley. (Brief; no appearance at hearings.)

Rates suggested.—The witness desires that all books of a religious character used by the laity or the church, printed either in English or in a foreign language, especially such books as are used by the Catholic faith, be placed on the free list.

PARAGRAPH 1539.—CADMIUM.

WITNESSES.

FAVORING HIGHER DUTIES:

The American Smelting & Refining Co.

The Grasselli Chemical Co., Cleveland, Ohio. (Brief.)

Hearings: Pages 4396–4397.

Witness: The American Smelting & Refining Co.

Costs and selling prices.—Cadmium being a by-product, the cost of production, as figured by the producing company, depends entirely upon what proportion of each operation is charged against this particular by-product as compared with other by-products or major metals.

So far as the witness can now ascertain, the highest cost of production figured by any of the principal producers was \$1.172 per pound for 1920 and \$1.69 for 1921. Other costs will range below these figures, down to somewhat less than \$1 per pound.

In 1920 the United States produced 129,283 pounds. The average sale price was \$1.17 per pound.

Comparability.—The German cost is unknown, but as German producers are pressing sales at as low as 75 cents per pound their cost is probably extremely low. This is substantiated by the general knowledge that all German products produced from 100 per cent German raw materials and labor are ridiculously low, as a result of the depreciated mark currency.

Cadmium is used in very small quantities in a variety of ways, chiefly in alloys.

Rates suggested.—As a by-product industry, cadmium should be protected so that the raw material resources of the country shall not be wasted. A specific duty of 25 cents per pound is suggested.

Remarks.—In a pamphlet on cadmium (United States Geological Survey, Mineral resources of the United States, 1920), it is estimated that 600 short tons of cadmium accumulate annually in the various plants in this country and is not recovered as metallic cadmium. In other words, only about one out of every ten tons of recoverable cadmium is actually recovered.

Cadmium sulphide carries an ad valorem rate of 25 per cent under the pigment section; a duty on cadmium metal would therefore be quite consistent.

Witness: The Grasselli Chemical Co., Cleveland, Ohio. (Brief; no appearance at hearings.)

Costs and selling prices.—Cadmium metal is now quoted at from \$1 to \$1.10 per pound; cadmium sulphite (paragraph 63) at \$1.15 to

\$1.25 per pound. No figures as to market prices of cadmium sulphate and cadmium hydrate are given.

Size of industry.—There are five producers of metallic cadmium in the United States. Production increased from 26,152 pounds in 1911 to 207,408 pounds in 1917. For the period 1916 to 1920, inclusive, the average annual consumption of cadmium metal was about 127,000 pounds, while the capacity for production is about 350,000 pounds. In 1911, the United States production of cadmium sulphite was 2,392 pounds, increasing to 22,723 pounds in 1914 and to 51,702 pounds in 1918. This last figure was doubtless in excess of consumption, since production in 1919 and 1920 was only 31,197 pounds and 32,133 pounds, respectively.

Comparability.—The production of cadmium metal in Germany increased from 82,000 pounds in 1915 to 236,000 pounds in 1918. No figures are available as to the German production of cadmium sulphite, but prior to 1914 Germany exported both products to the United States.

Rates suggested.—Since the domestic producing capacity exceeds consumption, protection is asked to enable the American industry to keep on equal terms with Germany. Cadmium metal, cadmium sulphite, cadmium sulphate, cadmium hydrate, and all chemical compounds and mixtures containing cadmium should be grouped in one paragraph and made dutiable at the specific rate of 25 cents per pound.

PARAGRAPH 1540.—ACETATE OF LIME.

WITNESSES.

FAVORING HIGHER DUTIES:

Ten chemical companies, Williamsport, Pa. (Brief: no appearance at hearings.)

Rates suggested.—Seventeen and one-half per cent ad valorem, same as the Canadian duty.

Remarks.—Free entry of acetate of lime and charcoal would result in the shutting down of the wood chemical industry in Pennsylvania; adequate protection for these articles is requested.

PARAGRAPH 1541.—CASH REGISTERS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING HIGHER DUTIES:

Mr. H. A. Savage, representing the American Cash Register Co., the St. Louis Cash Register Co., and the Michigan Machine Co., the three so-called independent cash-register companies in the United States.

The St. Louis Cash Register Co., St. Louis, Mo. (Brief.)

Hearings: Pages 4404-4413.

Witness: Mr. H. A. Savage (as above).

Costs and selling prices.—German manufacturers have quoted prices very much below the actual cost of production in this country. Retail prices vary from \$40 to \$650 for the cash registers made by the companies represented by the witness.

Comparability.—Prior to the issuance of an injunction against the National Cash Register Co., that company sold cash registers of certain competitive models at a price below the cost of production and

made up its loss on other models not manufactured by competitors, these models being sold at a very high price, with resulting large profits. This was done to stifle and throttle competition in the United States, and the means used were highly successful. The National Cash Register Co. now has a factory in Germany, and its cash registers are known as the Anker brand. Germany has very recently increased the duty upon cash registers from 20 marks to 1,200 marks per 100 kilograms.

Size of industry.—There are now employed by the cash register companies in the United States between 20,000 and 25,000 men.

Rates suggested.—The witness asks for a 25 per cent ad valorem duty for the following reasons: To secure revenue; to protect the great mass of American merchants against a monopoly; to protect domestic labor against the cheaper foreign labor; and to protect American capital invested by manufacturers, other than the National Cash Register Co., in the cash register industry.

Witness: The St. Louis Cash Register Co., St. Louis, Mo. (Brief; no appearance at hearings.)

Size of industry.—The witness's company has \$225,000 invested; manufactures 15 models; and employs, in normal times, more than 150 skilled mechanics.

Comparability.—The brief refers to the much lower cost of material and labor, and the highly appreciated value of the United States dollar, in foreign countries, the United States thus offering a very advantageous market for foreign manufacturers. As a concrete instance, the Anker Cash Register Co. of Bielefeld, Germany, manufactures many styles of what are believed to be cheaply constructed cash registers, and have already appointed representatives in the United States. The St. Louis company also understands that a subsidiary of the Krupp Gun Works, of Essen, Germany, may very soon enter the American market with a very complete line of cash registers, to be sold at a very low price.

The representative of the Anker Cash Register Co. lays great stress upon the fact that the United States has imposed no import duty on cash registers, and this, combined with the lower cost of German labor and material, makes it possible for his company to very much undersell the American manufacturers. Prices already quoted f. o. b. New York were so low that the St. Louis company could not hope to compete with them and survive. If these German-made cash registers can enter this country duty free, they can most surely be sold at a price that will completely destroy the business of the St. Louis company and two or three other independent manufacturers.

Rates suggested.—The Dominion of Canada imposes a 30 per cent ad valorem import duty, and Mexico a duty of 30 cents per kilo—approximately 15 per cent of the cost on American made goods—on cash registers. Neither Canada nor Mexico has a cash register industry to protect. In view of the higher wages paid to American workmen, and the increased cost of material in the United States, the company suggests a 40 per cent ad valorem duty on cash registers and cash-register parts, whether completed or in any stage of process or assembly, and including also wood (and) or metal bases and wood (and) or metal cash drawers.

PARAGRAPH 1541.—SEWING MACHINES.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING HIGHER DUTIES:

Mr. H. M. Huffman, representing the independent family sewing-machine manufacturers of the United States.

Mr. Lucius N. Littauer, representing the Metropolitan Sewing Machine Corporation.

Mr. John W. Orin, representing the Johnson Shuttle Co.

The Sewing Machine Manufacturers' Association. (Brief.)

FAVORING PROPOSED DUTIES:

Dubrow & Hearne, importers of machinery and supplies, chiefly from Germany. (Brief.)

Hearings: Pages 4413-4417.

Witness: Mr. H. M. Huffman, representing the independent family sewing-machine manufacturers of the United States.

Costs and selling prices.—The increase in the labor cost over the prewar period is roughly 120 per cent, and reductions have been only about 20 per cent, leaving the cost just about double the prewar.

Labor is the controlling factor in the cost of the family sewing machines, being 62½ per cent of the total. German wages approximate but 12 per cent of the wages paid American workmen in the same trades. The ordinary family sewing machine sells at from \$30 to \$75. The \$75 machine is sold with high selling expense; the factory cost would run about \$40. The differential in American labor and German labor is reflected in recent quotations of standard German sewing machines offered f. o. b. Hamburg, boxed, and export duty paid, at 30 per cent less than the actual cost of labor and material alone in comparable American machines. There are 25 such German sewing-machine factories; large quantities of Singer foreign-made machines are being sold on the American market, and at no saving to the American consumer over the price of the American-made article.

Size of industry.—The independent family sewing-machine manufacturers represent an aggregate capital investment of over \$18,000,000. Their sales at wholesale value in the year 1919 amounted to \$13,500,000. Workmen employed directly in production of that output number 8,300 in addition to those engaged in distribution service and the fabrication of material. Wages paid approximate \$7,500,000 annually.

Comparability.—Shortly after the passage of the Underwood bill, in 1913, the German manufacturers, numbering two and one-half times the number of American, with one and one-half times the output, instituted a campaign for business in this country. But for the intervention of the war, they would have supplanted American family sewing machines and ruined the American industry, owing to their ability greatly to undersell American manufacturers in the American market by reason of the much lower cost of production. Germany and Scotland, which are the two great producing nations of sewing machines, were prevented from exporting by reason of the war. This left the market open to American manufacturers, who exported sewing machines during that period in large quantities. Exports increased from \$7,793,718 in 1918 to \$12,751,268 in

1920, but dropped to \$6,209,925 for the first 10 months of 1921. There is no chance to continue exportations to Europe now, with Germany back on the job.

Rates suggested.—Sewing machines to be taken from the free list, and a minimum duty of 30 per cent, based upon American valuation, to be levied on family sewing machines, in whole or in part, including repair parts. This duty will partially offset the great advantage held by German sewing-machine manufacturers on account of lower labor costs, and will yet leave them on a fair and equitable basis of competition with American manufacturers. The industry has no protection from patents, labor-saving machinery, or special sources of raw material.

Hearings: Pages 4417-4418.

Witness: Mr. Lucius N. Littauer, representing the Metropolitan Sewing Machine Corporation.

Costs and selling prices.—The witness appeared as a manufacturer of sewing machines, not the kind used for household purposes, but especially adapted for economy in manufacturing and selling at from \$150 to \$300. The Underwood tariff gave these a duty of 20 per cent ad valorem when exceeding \$75 in value.

Rates suggested.—It will be impossible to compete with German imports under the conditions existing from the placing of these machines on the free list. In 11 months of the year 1920, 1,273 machines were so imported; in 11 months of the year 1921 this figure rose to 11,541. It is requested that the \$75 provision of the Underwood tariff be incorporated in H. R. 7456. As defined by the witness, this provision would extend also to cash registers and all other items included in paragraph 1541.

Hearings: Page 4419.

Witness: Mr. John W. Orin, representing the Johnson Shuttle Co.

Costs and selling prices.—For several years prior to 1913 shuttles for sewing machines were manufactured at a cost of 17 cents each. They were sold to the jobber, who bore the boxing, shipping, and selling expenses, at 20 cents a piece. He sold them to the retailer for 50 cents each and the retailer sold them to the consumer for \$1. The Underwood bill put the shuttle on the free list, and immediately German shuttles came to this country, laid down at 11 cents each.

Size of industry.—At the time of the passage of the Underwood bill, the witness's factory was employing 35 men, 30 of whom were the heads of families, but the 11-cent German shuttle from Germany against the 17 cents cost of the American forced the company out of business. It remained out for two years, until the war began and stopped the importation of German shuttles.

Comparability.—During the time that the company's factory was shut down, the price of shuttles to the retailer was still 50 cents and the price to the consumer was \$1. The difference between the 11 cents and the 20 cents was added to the jobber's profit.

Rates suggested.—Witness asks that sewing machines and their parts, including repair parts, have a duty of 30 per cent ad valorem.

Witness: The Sewing Machine Manufacturers' Association. (Brief; no appearance at hearings.)

Costs and selling prices.—The present scale of wages in the United States is fully 100 per cent higher than the prewar schedule. The German prewar wage scale was approximately 50 per cent of the American. The present German wage scale is infinitely less than the prewar. The following is a comparative scale of wages paid at the present time, per day of 8 hours, with due allowance for the depreciated mark:

	Germany.	United States.
	<i>Cents.</i>	
Machinists.....	49	\$4.80
Cabinetmakers.....	58	4.60
Laborers.....	34	2.88
Molders.....	48	4.80
Milling-machine operators.....	46	4.40

The percentages of the total domestic cost of an average sewing machine at the present time are: Labor, 62½ per cent; material, 37½.

The table below gives German sales prices (quoted by two German manufacturers) and American factory costs. German prices are f. o. b. Hamburg with discount of 2 and 4 per cent.

	Germany.	United States.
"P" iron-base hand machine.....	\$5.89	\$8.02
"P" wood-base and cover hand machine.....	7.62	13.31
"B" iron-base hand machine.....	9.22	9.68
"B" wood-base and cover hand machine.....	10.82	15.33
Rotary hand machine.....	14.20	20.33
"V" drop-head vibratory treadle machine.....	21.60	26.64
"R" drop-head rotatory treadle machine.....	25.60	30.36

Size of industry.—Prior to the war there were approximately two and one-half times as many sewing-machine manufacturers in Germany as in the United States, the latter numbering eight. It is estimated on good authority that the German output was 150 per cent greater than that of American manufacturers. The capital investment of the association members exceeds \$18,000,000, and the number of workmen employed in normal times is approximately 8,300.

Rates suggested.—The prewar tariff of 30 per cent ad valorem is not, in the opinion of the witness, prohibitive of German importation; it will, however, be of some aid to American manufacturers, who are of the firm conviction that a minimum tariff at this rate should be adopted for the partial protection of the industry.

Remarks.—The brief suggests that, as furnishing both export and import information, there should be two classifications relating to sewing machines. Family sewing machines should be distinguished from factory or power machines in order that those interested may always be reliably informed as to exports and imports of both types. The Singer Manufacturing Co. controls approximately 95 per cent of the power sewing-machine business and over 60 per cent of the family sewing-machine business.

The Canadian Government has placed an import duty of 30 per cent on sewing machines. In addition, there is collected a duty on

exchange, now 12 per cent, which, together with the basic duty of 30 per cent and the sales tax, totals approximately 37 per cent. The Australian Government has recently passed a law imposing a virtually prohibitive duty of approximately \$15 per machine, effective January 1, 1922.

Witness: Durbrow & Hearne, importers of machinery and supplies, principally from Germany. (Brief; no appearance at hearings.)

Comparability.—The firm is a member of the National Council of American Importers and Traders. The question of exchange does not enter very much into the firm's transactions, purchases being mostly in American dollars. In all cases the prices herein stated are the equivalent values in American dollars, taken at the present very low rate of exchange, whenever purchases are in marks instead of dollars. Naturally, if exchange advances, these cost figures would be higher, and it has been the experience of the firm for the past two years that German manufacturers, even when selling in dollars, generally raise their dollar prices as the exchange value of the mark advances. In addition to the actual cost of the goods in Germany, there are certain export taxes. As these are variable, amounting at the present time to only 1 or 2 per cent, no account is taken of them. Freight charges will average about double what they were in pre-war times and all other expenses are about double—insurance even more than double. No comparison whatever is made as to the effect of the proposed duties, but if the rate and the actual cost in Germany are increased the ultimate cost of the goods landed in America will be very much greater than in prewar times. In addition, the firm wishes to state that within their experience German manufacturers have been very slow in deliveries in the last two years. The firm has been unable to find any evidence of ability to dump goods on the American market.

Summarizing the cited statement of comparative costs of goods imported by the firm from Germany at the present time and in pre-war times, it appears that there has been an increase in cost varying from 30 to 107 per cent in sewing machines; in parts, 31 to 50 per cent; and in needles, 25 to 137 per cent.

PARAGRAPH 1542.—CERIUM.

WITNESS, AND INTEREST REPRESENTED.

FAVORING HIGHER DUTIES:

Mr. Alexander Harris, representing the New Process Metals Corporation, Newark, N. J.

Hearings: Pages 4420-4426.

Size of industry.—Cerium, a combination of other metals, including lanthanum and didymium, is used for only a few industrial applications, pocket lighters being the best known. Its most important use, however, is for mining lamps, giving off light without danger of igniting dangerous gases.

Comparability.—Apart from the question whether the present American price of \$7 a pound for the commoner grades, rising to \$18 for special grades, is sufficient, the point made by the witness is that the industry has got to be kept alive. In Europe the consumption

is at least 25,000 pounds a month, the people being used to lighters. Consequently, the cost of production is very much lower than here.

Rates suggested.—A specific duty of \$2.50 a pound plus the ad valorem duty of 30 per cent now applying to the alloys of cerium.

Remarks.—Given adequate protection, the witness believes that a large business can be developed along such lines as the utilization of products now going to waste as the basis of this material.

PARAGRAPH 1544.—CHROME ORE.

WITNESS.

FAVORING HIGHER DUTIES:

Hon. Dan A. Sutherland, Delegate in Congress from Alaska.

Hearings: Pages 4426-4430.

Size of industry.—Representing chrome-ore producers in the Territory of Alaska, the witness alluded to the chief use of this ore as for alloying steel, its next greatest use being in chemical manufacturing, as in tanning leather. It is imported from New Caledonia, Rhodesia, Cuba, and several other countries. The annual prewar production in the United States was 591 tons—a negligible quantity. Under stress of war 83,430 tons were produced annually for three years, now fallen to 3,900 tons. Foreign importations are now 60 per cent of what they were during the war period, while domestic production is only 4.5 per cent of the amount produced during that period.

Comparability.—American ore is produced by American labor, while the foreign is produced by convict and Kaffir labor in New Caledonia and South Africa, respectively.

Rates suggested.—A specific duty of 60 cents per unit, equivalent to \$20 a ton of 50 per cent oxide. The quantity of chrome used in manufacturing is so small that these rates could not affect the selling price of the manufactured product.

PARAGRAPH 1546.—CRESOL.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED DUTIES:

Mr. T. E. Caruso, representing Lehn & Fink (Inc.), New York City.

Hearings: Pages 997-998 of Schedule 1.

Rates suggested.—Specific provision for cresol or cresylic acid on the free list.

PARAGRAPH 1548.—GUARANA (BRAZILIAN COCOA).

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED DUTIES:

Mr. A. Law Voge, chemical engineer, New York City.

Hearings: Pages 4431-4433.

Size of industry.—Guarana, consumed as a morning drink, the same as coffee or cocoa, by a large section of the Brazilian people, has never been imported into the United States until so obtained by the witness for experimental purposes. In the unground form, it is now subject to a very severe export duty from Brazil. The witness

spent several months in South America investigating agricultural conditions, markets, etc., and believes the present almost negligible production of guarana to be capable of rapid increase by proper development.

Rates suggested.—Free list, with the object of introducing another substitute for coffee or cocoa.

PARAGRAPH 1549.—COFFEE.

WITNESS.

FAVORING HIGHER DUTIES:

Mr. Felix Cordova Davids, United States Commissioner, Porto Rico.
(Brief; no appearance at hearings.)

Size of industry.—In Porto Rico, 300,000 persons are engaged in the coffee industry on more than 20,000 farms, ranging from 1 to 2,000 acres in size and having a total area of 150,000 acres.

Rates suggested.—Five cents per pound.

Remarks.—Coffee land in Porto Rico is unsuitable for other crops. Lower working standards in Brazil enable that country to produce at less cost than in Porto Rico. The brief maintains that the proposed duty of 5 cents per pound would not be felt by the consumer and would bring \$70,000,000 to the United States Treasury annually.

PARAGRAPH 1557.—LONG-STAPLE COTTON.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING HIGHER DUTIES:

Mr. Dwight B. Heard, president Pima Cotton Growers' Association, Phoenix, Ariz.
Hon. Thomas E. Campbell, Governor of Arizona.

FAVORING PROPOSED DUTIES:

Mr. R. M. Macintosh, representing importers of Egyptian cotton.
John H. Meyer & Co., New York City. (Brief.)

Hearings: Pages 4433-4448.

Witness: Mr. Dwight B. Heard.

Size of industry.—The long-staple cotton on which protection is sought is primarily the American-Egyptian or Pima cotton, grown in the irrigated valleys of the Southwest. These valleys produced, in 1920, 103,000 bales of this cotton, while imports of Sakel cotton from Alexandria, Egypt, in the year closing August 1, 1920, amounted to 340,000 bales. Average imports for the four previous years were 120,000 bales. The bulk of the Pima cotton, exceeding 1½ inches in staple length, comes in direct competition with the Sakel product. The question is asked: "If this industry, developed with the assistance of the Department of Agriculture, is allowed to perish through lack of the reasonable tariff protection asked for, will not our American manufacturers, needing this class of cotton, eventually pay such a price for it as foreign nations controlling production of it may dictate?" The small importation during the years 1917 and 1918 was due to submarine activity; the use of American-Egyptian (Pima) cotton was largely increased by American manufacturers during the war. For use in airplane cloth, made of No. 80 yarn, it was found nearly as satisfactory as the best of Irish linen.

Comparability.—Egypt produces annually about 700,000 bales of Sakel cotton, sold to European and American manufacturers and principally woven into tire fabrics. So far as the witness had been able to ascertain, the basic wage for labor in the Southwest is at least five times that paid in Egypt. In the American production cost 60 per cent is for labor. With Egypt able to lay this cotton down in New England for 20½ cents, it is evident that the American grower will make but a fair profit with a duty of 20 cents per pound added to the present price of Sakel cotton.

The witness referred to the efforts being made by the English Cotton Growing Association to develop new fields of production. In 1920, 80,400 bales of cotton, including 20,000 long-staple, were thus produced in Nigeria, Uganda, the Sudan, and Mesopotamia; an ultimate production of nearly 3,000,000 bales is looked for.

Rates suggested.—A specific duty of 20 cents per pound.

A brief, dated December 13, 1921, is reproduced as a printed pamphlet, signed by the foregoing witness as president of the Pima Cotton Growers' Association. He refers to his close association, since 1906, with "the group of highly trained scientific men in the Department of Agriculture, who have so greatly assisted in the development of the agricultural industry."

The witness has grown Pima cotton for the last six years and desires protection for this American-Egyptian long staple product. Comparisons are drawn between the wages of 24 cents to 36 cents per day paid to the Egyptian fellaheen and those of \$2 to \$2.50 per day paid agricultural labor in the Southwestern States. Similar arguments apply to transportation costs.

A detailed discussion of the various uses to which this special fiber can be applied is followed by testimony to the effect that this country is able to produce all the long-staple cotton required—a condition demanded by American manufacturers. The danger of allowing this industry to pass into foreign hands is pointed out.

An accompanying exhibit summarizes the results of tests made by the United States Bureau of Markets, the Bureau of Standards, and commercial concerns.

Hearings: Pages 4448–4450.

Witness: Hon. Thomas G. Campbell, Governor of Arizona.

Supplementing the testimony of Mr. Dwight B. Heard, Gov. Campbell dwelt upon the necessity of developing industries in the Southwest which will bear exporting beyond the boundaries of the State. Much is hoped for from the development of this Pima cotton, bringing into fruition a part of the hundreds of thousands of arid and semiarid acres in that country by irrigation.

Competition with Egyptian labor is impossible, but it is possible to replace a once great universal industry with an industry dependent upon reclamation projects. The labor question is complicated by the competition with industries paying wages of 40 to 50 cents an hour for an 8 hour day; Mexican labor does, as a fact,

underbid American labor. Besides, American labor does not care to work in cotton and beet fields.

Witness: John H. Myer & Co. (Brief; no appearance at hearings.)

Rates suggested.—As manufacturers in the State of Pennsylvania, the firm strenuously opposes the placing of any duty upon long-staple cotton, of which only a limited amount is grown in the United States. Most of this cotton is used in manufacturing automobile tires, and any duty imposed would affect the eight to nine million owners of automobiles in America. On the other hand, such a duty would be for the benefit of comparatively few people in this country.

Hearings: Pages 4450-4452.

Witness: Mr. R. M. Macintosh, representing importers of Egyptian cotton.

The witness's statement was directed to rebut the testimony in favor of a tariff duty on long-staple cotton. It is denied that the so-called American-Egyptian cotton is a substitute for the cotton grown in Egypt, manufacturers having been unable to obtain equal results from it. It is argued that the result of the proposed duty would be either (a) the production of a lower grade of goods made necessary from the use of shorter-staple cotton or (b) a vastly increased price to the public on sewing thread, etc., for whose production the imported Egyptian cotton is essential.

A detailed estimate is made of the potential effect of such a tariff on yarn prices, a total annual excess of cost to American consumers of cotton goods, amounting to \$65,000,000, being indicated as due to the tariff itself and the compensating tariff which it would entail. Moreover, the exclusion of Egyptian cotton from this country by the proposed tariff would depress the market in Egypt and enable the European spinner to obtain his supply of Egyptian cotton at lower prices. This could not fail to depress the price of American staple cotton.

PARAGRAPH 1559.—METALLIC ARSENIC.

WITNESS, AND INTEREST REPRESENTED.

FAVORING HIGHER DUTIES:

Mr. William Loeb, jr., representing the American Smelting & Refining Co.

Hearings: Page 4452.

Costs and selling prices.—Prior to the war, practically no metallic arsenic was manufactured in this country; it was imported from Germany and other European countries. During the war, at the request of the United States Government, metallic arsenic was produced. The cost of production was high, varying from 40 to 60 cents per pound.

Comparability.—Metallic arsenic is being offered from Germany to-day at 28 cents per pound. The witness is credibly informed that the present cost of production in Germany, with low exchange and labor rates, is approximately 5 cents per pound.

Metallic arsenic is used in the hardening of metals and, to a certain extent, in insecticides.

Rates suggested.—A duty of 10 cents per pound.

PARAGRAPH 1573.—RAW FURS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED DUTIES:

Messrs. Samuel Ullman and Edward Fillmore, representing the Board of Trade of the Fur Industry of the City of New York and other associations. (Brief.)

Hearings: Pages 4131-4135 of Schedule 14.

Size of industry.—Prior to the war, the international trade in raw furs was almost wholly in the hands of the British and Germans. America did little direct business with the countries of origin of the raw furs used here. A considerable part of the American catch of raw furs was shipped to London to be distributed. The raw fur industry of the United States has been built up since the war and has succeeded in wresting the monopoly from Germany, England, and Canada. A duty on raw furs would drive the business back to those countries.

The first American fur auction was held at St. Louis in 1915, and auctions were commenced at New York in 1916. Public auctions of raw furs are now conducted in the spring, fall, and winter in both New York and St. Louis. In quoting from a report of the Alien Property Custodian, the brief states that the first St. Louis sale in 1915 amounted to considerably less than \$1,000,000 and that the January (1919?) sale was said to have been in excess of \$9,000,000. The first New York sale in 1916 was about \$750,000 and the sale in February, 1919, was almost \$6,000,000.

Rates suggested.—Raw furs and skins to be retained on the free list.

Remarks.—The effect of a tariff on raw furs would be to remove America from international competition by destroying the prospects of retaining the present position as a center of distribution for both foreign and domestic furs. It would check the development of the fur dressing and dyeing industry in the United States, both with respect to the foreign demand for American dressed furs and for domestic consumption. And such tariff would inevitably result in an increase of cost to the buyer of manufactured furs and work a grave injury to the manufacturing branch of the industry. Reference is made to a brief filed with the Committee on Ways and Means.

PARAGRAPH 1575.—GRASSES AND FIBERS.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED DUTIES:

Mr. T. E. Barbour, representing Allentown Spinning Co., American Manufacturing Co., Chelsea Fiber Mills, Columbia Rope Co., Dolphin Jute Mills, Hanover Cordage Co., the Hooven & Allison Co., Lamond & Robertson Co., the Schlichter Jute Cordage Co., the Sutherland & Edwards Co., the Wilmington Mills.

Hearings: Pages 3444-3452 of Schedule 10. (Brief.)

Rates suggested.—This paragraph should be retained exactly as it is.

Remarks.—The consumption of jute by domestic manufacturers amounts to 220,000,000 pounds annually. (For a fuller discussion of this brief, see paragraph 1003, relating to jute yarns and cordage.)

PARAGRAPH 1575.—JUTE AND JUTE BUTTS.

WITNESS, AND INTEREST REPRESENTED.

FAVORING HIGHER DUTIES:

Mr. J. F. Simpson, representing Maginnis Cotton Mills, New Orleans, La.

Hearings: Pages 3478-3480 of Schedule 10.

Rates suggested.—With a duty of 40 per cent on raw jute, and of 1 cent per pound plus 25 per cent ad valorem on burlap, hundreds of thousands of bales of low-grade cottons could be profitably converted into bags, ropes and twines by the cotton mills of this country.

Remarks.—Once the cotton bag made from low-grade cotton is established, its use will rapidly spread for the shipment of sugar, rice, beans, salt, cement, flour, and many other commodities. Nothing will be more helpful towards the stabilizing of low-grade cotton to a reasonable value than a duty on raw jute and burlap. Hitherto, a duty on raw jute has not been advocated, because 50 per cent of the imports were used in the domestic manufacture of bagging for covering raw cotton. Notwithstanding free jute, American manufacturers of bagging for covering cotton have recently established mills in India because American mills could not compete with Indian in cost of production. The same condition applies to a comparison of wages paid by American cotton mills and by Indian jute mills.

(For a more complete abstract of this brief see paragraphs 1008 and 1017 of Schedule 10, Jute cloths and jute bags.)

PARAGRAPH 1577.—SHELLAC AND COPAL GUMS.

WITNESS.

Mr. Marion Dorian, representing the Columbia Graphophone Co., Bridgeport, Conn. (Brief.)

Hearings: Pages 4453-4454.

Rates suggested.—Free list.

Remarks.—Shellac and copal gums, essential raw materials, are not produced at all in this country. They do not compete in any degree with American products of similar or kindred character, and are indispensable to a variety of important American manufactured products. They must undergo refining processes in this country before being fitted for use as raw materials in manufacturing. No American industry would be aided by a duty on these materials and no American industry will be injured by admitting them free.

PARAGRAPH 1578.—MINING AND BLASTING EXPLOSIVES.

WITNESS.

FAVORING HIGHER DUTIES:

The Trojan Powder Co., New York City. (Brief; no appearance at hearings.)

Rates suggested.—The minimum duty which should be levied on blasting explosives should be the duty which would be applicable

to the individual ingredients if separately imported. This would, however, be a somewhat complicated method of determining the duty and, as an alternative, the rates provided in the act of 1909 or, preferably, a slight modification thereof as shown below, should be introduced into the proposed tariff bill.

The act of 1909, paragraph 435, provided as follows:

Gunpowder, and all explosive substances used for mining, blasting, artillery, or sporting purposes, when valued at 20 cents or less per pound, 2 cents per pound; valued above 20 cents per pound, 4 cents per pound.

These rates of duty on mining and blasting explosives would be reasonably satisfactory, although it would be considerably better from every standpoint if the duty were fixed at 2 cents per pound for explosives valued in this country at less than 10 cents per pound; 3 cents per pound for explosives valued in this country at 10 cents or more per pound, but less than 20 cents per pound; and 4 cents per pound for explosives valued in this country at 20 cents or more per pound.

Remarks.—Under the provisions of H. R. 7456, apparently by an oversight, blasting powder is admitted free of duty, whereas the ingredients, if imported separately, carry very substantial duties. Since these ingredients can, generally speaking, be produced much more cheaply abroad than in this country, it appears that the tariff bill in its present form actually favors the manufacture of completed blasting explosives abroad and at the same time defeats its own purpose in levying duties on the ingredients, seeing that the completed explosives containing these ingredients could be imported duty free, while the same quantities of ingredients, imported separately, would be dutiable.

Attention is directed to the unreasonableness of the situation which would exist, for instance, if the Canadian explosive manufacturers, located close to the American border, could secure duty-free, cheaply made European ammonium nitrate and mix it into completed explosives for sale in competition with domestic explosives—the latter being made from ammonium nitrate upon which a heavy duty would have been paid. The effect of such a situation would be to decrease the revenues of the Government, hurt the business of American manufacturers, and benefit no one, since prices to users of explosives would undoubtedly be maintained on the basis of dutiable ammonium nitrate even though a considerable proportion of the trade might be supplied with imported explosives made from the duty-free chemical.

Ammonium nitrate is not used in any considerable quantity for any other purpose than the manufacture of explosives. Thus, the entire object of the duty on ammonium nitrate would be defeated in direct proportion to the amount which would be brought in, duty free, in the form of completed ammonium nitrate explosives.

Neither the act of 1909 nor the act of 1913 permitted the existence of such a contradictory and unfair condition. It is true that blasting explosives were placed on the free list in the act of 1913, but this act also placed ammonium nitrate on the free list. The act of 1909 carried a duty of 25 per cent on ammonium nitrate, but this was equalized by a duty on the completed explosives.

While for purposes of illustration the case of ammonium nitrate is cited above, substantially the same comments apply to T. N. T., ammonium perchlorate and glycerin; that is to say, to have these materials carry heavy duties and at the same time have on the free list explosives chiefly composed of mixtures of these ingredients, would encourage the evasion of duties on the materials themselves. This would result from the compounding of them into completed explosives in Canada, Mexico, or other foreign countries and their importation into this country in a nondutiable form.

On the surface, it might seem that this apparent inequity might be corrected by the elimination of the duty on the ingredients concerned, but many complications would result, inasmuch as the ingredients are in turn manufactured from dutiable materials. Furthermore, such action would be totally out of alignment with the policy apparently followed in the bill, since it would involve placing on the free list quite a number of products which can be made much more cheaply abroad than in this country.

PARAGRAPH 1579.—CURLED HAIR.

WITNESS, AND INTEREST REPRESENTED.

FAVORING MODIFICATIONS:

Mr. James H. Preston, representing the William Wilkens Co., Baltimore Md.

Hearings: Page 4457.

Rates suggested.—The words "cleaned and drawn" to be omitted, because cleaned and drawn hair is wholly or in part manufactured.

PARAGRAPH 1580.—OSSEIN.

WITNESS.

FAVORING HIGHER DUTIES:

The Wilckes-Martin-Wilckes Co., Camden, N. J. (Brief; no appearance at hearings.)

Costs and selling prices.—European labor in ossein plants receives 50 to 55 cents per day, while domestic labor receives from \$3.75 to \$4.25 per day for the same number of days. Muriatic acid, the raw material for ossein, and of which 1,200 pounds is required to treat 1,000 pounds of bones, costs less than \$4 per ton in Europe and, for 20° acid in this country, \$20 per ton. Ossein is now being imported into the United States and sold at 10 cents per pound less than domestic manufacturing costs.

Rates suggested.—Ossein to be specifically mentioned in paragraph 39, covering glue and gelatin, at 25 per cent ad valorem.

Remarks.—Ossein, not specifically mentioned in H. R. 7456, is now classed as free under paragraph 1580, as hide cuttings or all other glue stock. Ossein is neither hide cuttings nor glue stock, but a product of selected bones, a half-finished gelatin. Its manufacture was undertaken when the war cut off imports, and domestic producers absolutely can not continue business unless afforded protection against European imports.

PARAGRAPH 1582.—HIDES.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING HIGHER DUTIES:

Mr. Frank B. McClain, representing the National Live Stock Exchange.
Hon. Holm O. Bursum, United States Senator from New Mexico.

FAVORING PROPOSED DUTIES:

Mr. Gray Silver, representing the American Farm Bureau Federation.
(Brief.)

Hearings: Pages 4459-4463.

Witness: Mr. Frank B. McClain.

Costs and selling prices.—Hides are now selling at less than prewar prices. Heavy hides selling at 19 to 20 cents per pound in 1912-1914 and at 27 cents in 1914 sell to-day for 14 cents. A comparative table of prices for the last ten years, in standard classifications, is given on page 4461.

Rates suggested.—Hides should have an ad valorem duty of 20 to 25 per cent.

Hearings: Pages 4463-4468. (Brief of Mr. D. B. Zimmerman, pages 4464-4468.)

Witness: Hon. Holm O. Bursum, United States Senator from New Mexico.

Costs and selling prices.—Prices of hides are so low that it often does not pay local butchers to save the hide. "Recently (September, 1921) a local Kansas butcher shipped 80 cattle hides to a hide company and his returns, after transportation charges were paid, were just \$22.50, or an average of 28 cents a hide."

Size of industry.—Not only producers of beef cattle but also dairy-men are interested in hide prices, since the hide is the principal by-product of the discarded dairy cows.

Rates requested.—On hides, 15 cents per pound or 30 per cent ad valorem.

Remarks.—The lack of credit in the cattle business is causing wholesale liquidation; this will continue until the breeding herds of the west have been so seriously decimated as to necessitate a gigantic restocking—a task requiring many years.

There is a plethora of hides at present; stocks consist of 5,500,000 sole hides, 4,500,000 upper leather hides, and the equivalent of 4,000,000 calf and kip skins in manufactured leather.

Free hides have not meant cheaper shoes. Shoe costs increased even before the war, owing to royalties on machinery. Since the war, shoe prices have been kept at abnormal levels in spite of the 50 to 60 per cent drop in hide prices.

The effect of the proposed duty on hides on the price of shoes would be negligible. The cost of shoes is based on profits to manufacturers, royalties on machinery, and expenses incidental to distribution. The advantage in free hides accrues to the foreign producer and manufacturer. Free trade in hides has not resulted in giving the American tanner and manufacturer a large place in the world's markets.

Unlike the case of wood pulp and lumber, the use of foreign hides is not a saving but a loss of the country's resources, for if country hides are not used as produced they become a total loss.

Since hides are the principal cattle by-product, if the price is so low that the hide does not bear its proportionate cost, the price of beef must be so much higher to the consumer.

Hearings: Pages 4491-4493.

Witness: Mr. Gray Silver, representing the American Farm Bureau Federation. (Brief.)

The brief emphasizes the fact that cattle hides are a by-product; animals are not raised for their hides alone, and the variation in hide prices has little influence on the rate of cattle production. The price on sales is largely determined by the value of the meat on the animals, the hides representing only $6\frac{1}{2}$ per cent of the weight.

Cattle production is declining and the use of substitutes for heavy leather is increasing—a factor which will tend to place a limit on the price advance of hides and leather. Consequently, the price of hides may not advance greatly as a result of a duty on them.

Rates suggested.—The brief sums up a comprehensive discussion of possible results with the statement that hides, leather, and leather products should remain on the free list.

PARAGRAPH 1598.—CASEIN.

WITNESS, AND INTEREST REPRESENTED.

Mr. Charles W. Holman, representing the National Milk Producers' Federation.

(Supplemental brief.)

Hearings: Pages 2800-2806 of Schedule 7.

Costs and selling prices.—In 1920 the cost of manufacturing casein in California averaged 15.47 cents per pound, and for the first eight months in 1921, 16.2 cents per pound. California casein of high quality is being sold for 9 cents per pound in San Francisco at the present time.

Rates suggested.—A duty of $4\frac{1}{2}$ cents per pound.

Remarks.—Casein production is a comparatively new American industry. Protection is needed from imports of casein from Argentina, which have been sold in New York as low as $6\frac{1}{2}$ cents per pound.

NOTE.—For the witness's oral testimony, submitting preliminary report of the United States Milk Producers' Dairy Tariff Committee, see p. 2745 of Schedule 7.

PARAGRAPH 1600.—LEATHER.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING HIGHER DUTIES:

Mr. E. A. Brand, representing the Tanners' Council of the United States of America, New York City.

Mr. Fred C. Fabel, representing the American Oak Leather Co. and certain other sole-leather tanners, Cincinnati, Ohio.

Mr. Frederick Carlisle, representing harness-leather tanners, Saginaw, Mich. (Brief.)

Mr. Laird H. Simons, representing kid-leather tanners, Philadelphia, Pa.

Mr. Frederick C. Stresau, representing side upper-leather tanners.

Mr. Walter T. Creese, representing Creese & Cook Co. and other calf and veal leather manufacturers, Danvers, Mass.

Mr. Maxwell J. Lowry, representing patent-leather tanners, Boston, Mass.

REQUESTING RECLASSIFICATION:

Mr. George B. Bernheim, representing R. Newman & Co., manufacturers of fancy leather and other manufacturers of bag, case, and strap leather, Hoboken, N. J.

Hearings: Page 4493.

Witness: Mr. E. A. Brand, representing the Tanners' Council of the United States of America, New York City.

Rates suggested.—"It is believed that a duty on all classes of leather is necessary for the protection of American tanners, but inasmuch as the labor costs vary in the production of the several kinds of leather, the amount of protection needed necessarily varies."

Remarks.—"Practically all tanners, whether of heavy or light leather, are united in the belief that free hides, skins, and tanning materials are of the utmost importance to the tanning industry of the United States."

Hearings: Pages 4469-4473.

Witness: Mr. Fred C. Fabel, representing the American Oak Leather Co. and certain other sole leather tanners.

A brief submitted, "Why hides should remain on the free list," is arranged under the following headings:

1. "A duty on hides will produce only a negligible amount of revenue, which will be many times offset by a decrease in revenue from income taxation."

Experience with the 15 per cent ad valorem duty on hides under the Dingley law does not indicate that the Government would derive any considerable revenue from a hide duty at the present time, after deducting cost of collections and expenses of adjusting drawbacks. The contention that imports of hides are now much larger and that revenue would therefore be greater is based on the experience of the last few years, when imports were abnormal and prices of hides were unusually high.

A duty on hides will reduce the exports of shoes and this, in turn, will reduce the output of leather, correspondingly diminishing the imports of hides and the revenue therefrom. Furthermore, foreign competition in leather, in the home market, will reduce the taxable income of American tanners, more than offsetting any revenue from hide duties.

2. "A duty on hides will not result in any perceptible added price to the farmer for his cattle, but will result in a largely increased price which he will have to pay for shoes, harness and all other leather products."

Hides are a by-product, cattle being raised for dairy or beef values. The price of the live animal is not affected by the condition of the hide. The price for cattle is determined by the current demand for beef, not by the demand for hides; it is, in fact, often in direct opposition to that demand.

Those who advocate a duty on hides estimate that farmers will benefit by as much as \$34,000,000 a year. The interests represented by the witness contend that the farmer would not get any appreciable part of this amount—it would stay with the packer. But even if the farmers should secure such an increase in income, it would be more than offset by the increased prices of shoes, harness, belting,

automobile leather and other articles, estimated to amount to \$38,600,000.

3. "A duty on hides will seriously and injuriously affect our commerce with foreign nations, particularly with those of South America, and largely decrease our export trade."

It is necessary to foster this country's foreign trade, and the greatest opportunity is offered by South America. Without buying from these countries goods can not be sold to them, and import duties on hides would lessen United States purchases of one of their most important commodities. The tanners of countries admitting hides free would be in a more favorable position than domestic tanners; the exports of foreign countries to South America would be stimulated and United States exports curtailed.

4. "A duty on hides will not 'encourage the industries of the United States,' but will tend to destroy the business of the independent tanners and throw the control of the tanning and shoe industry of the country into the control of the large packers."

The production of domestic hides is insufficient for the needs of domestic tanners; about half the hides must be imported. The packers produce about 65 per cent of the domestic output, and this percentage includes a very much higher proportion of the heavy or more desirable hides. The packers tan about 60 per cent of the sole leather made in this country; if the independent tanner will not pay their price for hides, they tan the hides and compete with the former in the sale of finished leather.

The report of the Federal Trade Commission (August 21, 1918) is quoted in this connection: "They may not be able to put a tanner out of business at once, but they have the power to do it if they are so disposed." The brief asserts that the packers have secured this position primarily through their control of the domestic hide market and their very large percentage of influence in the hide markets of South America. A duty on hides would increase their advantage over the independent tanner, and if they were to secure control of the leather industry it will be but a short step for them to secure control of the shoe industry. American tanners believe that a reciprocal duty should be placed on leather to prevent the dumping of foreign leather in this country, but the independent sole-leather tanner is so convinced of the necessity of free hides to his continued existence that he will accept free leather as the price of free hides.

5. "A duty on hides will inflict on the American public an increase in the cost on shoes alone of upward of \$100,000,000, in addition to the increased costs of all other leather products."

This increase in the cost of living to the general public will not be balanced by any compensating advantage.

Conclusion: "We confidently hope and believe that Congress will refuse to accede to the proposal to place a duty on hides which would not result in appreciable advantage to the farmer or the production of any material amount of revenue, but which would impose a very heavy burden of expense on the entire American people without any possible compensating advantage."

The brief is signed by 40 leather-manufacturing companies.

Hearings: Pages 4493-4495.

Witness: Mr. Frederick Carlisle, representing harness-leather tanners, New York City.

Mr. E. A. Brand presented a brief, abstracted below, for Mr. Frederick Carlisle, who was unable to be present.

Size of industry.—The tanning industry of Canada has expanded rapidly during the past decade. The value of the output of all kinds of leather in 1915 was \$23,654,491, and in 1917, \$41,117,128. The Canadian harness-leather tanners have gained a post-war foothold in this country, as shown by the importation of \$834,010 worth in the calendar year 1919, \$338,014 in 1920, and \$240,000 in the first six months of 1921.

Rates suggested.—Unless reciprocal arrangements are provided, so that harness leather from the United States can enter Canada on the same basis that Canadian imports enter the United States, the harness-leather tanners of this country believe themselves entitled to a duty of 16 per cent ad valorem, which would equal the Canadian duty of 15 per cent ad valorem plus 1 per cent excess sales tax on all imported goods.

Remarks.—Canada is the only country from which competition on harness leather is seriously felt.

Several tanning firms in this country have received a letter sent out by the board of trade of a Canadian city, urging them to move across the border on account of the preference given by India to other parts of the British Empire in the matter of export duty on hides and skins. The duty is 15 per cent, of which two-thirds is remitted to purchasers in Canada and other parts of the empire.

Hearings: Pages 4864-4866.

Witness: Mr. Laird H. Simons, representing kid-leather tanners of the United States, Philadelphia, Pa.

Costs and selling prices.—Before 1889 the American market was dominated by French kid, which sold at prices varying from 50 cents to \$1.50 per square foot. Chrome (mineral) tanning was introduced in 1889 and the industry was given protection, together with free raw materials, under the tariff laws of 1890, 1894, 1897, and 1909. The price to the American consumer for American-tanned kid was reduced to less than one-third the former cost for French kid. The lowest grades of American kid sold for about 10 cents per square foot, the best grades for 35 cents, the average being about 20 cents.

Size of industry.—There are about 60 independent competitive firms tanning goat, kid, and kangaroo skins into shoe leather. These firms have between 8,000 and 10,000 employees. Under the stimulus of war needs for leather and the interruptions of trading facilities, the world factory capacity for the tannage of kid leathers has been greatly increased. This is especially true of England, Canada, and Germany; new factories have been started in the Netherlands, Spain, Brazil, Chile, Argentina, and Japan. The American factory capacity has been almost doubled.

Rates suggested.—Twenty per cent ad valorem. Kid leather made from goat, kid, and kangaroo skins should be put under paragraph 1431. Goat, kid, and kangaroo skins should be admitted free.

Goat skins produced in this country are not suitable for leather. The skins used by tanners are 99 per cent imported, while kangaroo skins are 100 per cent imported. These skins should be retained on the free list, but put in a separate paragraph, which might read:

Skins of goat, kid, and kangaroo, raw or uncured, or dried, salted, or pickled.

Remarks.—India produces about 40 per cent of the world's supply of raw goat and kid skins. On September 11, 1919, that country imposed a duty of 15 per cent ad valorem on exports of raw hides and skins; two-thirds of this duty is remitted to purchasers in other parts of the British Empire. In this connection the interests represented by the witness heartily indorse section No. 302 of the bill. France, Germany, and Canada, the principal competitors, impose heavy duties on leather coming from this country but can send their own leather into this country free of duty. The United States uses approximately two-thirds of the world's raw material suitable for making this kind of leather.

Hearings: Pages 4497–4498.

Witness: Mr. Frederick C. Stresau, representing side upper-leather tanners.

Costs and selling prices.—Wages now paid are 100 per cent higher than pre-war, although 33 per cent less than when at the highest point. A protective duty is necessary to maintain the American standard of wages.

Germany is the principal competing country; large German tanners pool their requirements for raw material and also have from 30 to 90 days in which to pay for it, while the custom in the United States is to pay on delivery.

Size of industry.—The United States and Germany are the leading countries in the production of side upper leather, which is made from "green-salted and air-dried light cattle hides, ranging in weight, green-salted basis, from 25 to 50 pounds. Cattle hides are split in two from tail to head prior to processing, in order to facilitate handling, each half then being designated as a side."

Prior to the war, Germany's tanning equipment was 70 per cent as large as that of this country, and it has since been enlarged. An up-to-date chrome tannery can be erected at short notice and with leather on the United States free list the Germans will probably enlarge their plants to take full advantage of this market.

Rates suggested.—"On cattle side upper leather, dressed, n. s. p. f., 20 per cent ad valorem." This is based on the assumption of free raw materials.

Remarks.—The Germans are operating their plants to capacity, while the tanning industry in this country has not operated over 40 per cent of capacity during the past 16 months.

Americans are sending hides to Germany to be tanned on contract, and England, which was formerly the largest foreign market for American leather, is buying from Germany.

German side leather made very appreciable inroads into domestic markets under the tariff law of 1913.

Hearings: Pages 4498–4501.

Witness: Mr. Walter T. Creese, representing Creese & Cook Co. and other calf and veal leather manufacturers, Danvers, Mass.

Costs and selling prices.—In this statement the word "calf" refers to both calf and veal leathers. Germany is the largest producer of calf leathers in the world and has a much lower labor cost than the

United States. "The highest skilled tannery labor is paid in Germany from \$2.25 to \$3 per week as compared with \$25 to \$35 paid in this country, and women who are employed are paid considerably less. Some of these women are earning only 25 cents per day at the present rate of exchange * * *. The majority of the tanning materials used in the manufacture of calf leathers are made by the same cheap labor in Germany and now enjoy a protective tariff."

The raw material cost is about 60 per cent of the total, while labor makes up most of the balance. European calfskin tanners have access to supplies of the best skins. "On account of her extremely cheap labor Germany is able to outbid all other countries in the purchase of raw materials."

"Bona fide offers have been made by German tanners to manufacture calf leather for American account on a basis of 5½ cents a foot, f. o. b. Germany. To produce calf leather in this country, up to and including that state, would cost American tanners from 11 to 14 cents per foot."

Size of industry.—"The calf leather industry in this country is a large one, having been developed during the past half century under protective tariffs."

Rates suggested.—That to paragraph 1431 be added "Calf and veal leathers, finished or partly finished, 25 per centum ad valorem."

Remarks.—Importations of calf leather increased in 1914 under the Underwood tariff. These came mostly from Germany and, after that source was closed, from Canada. A protective tariff on this product would probably not increase the price to domestic consumers.

There is a Canadian duty on calf leather of 15 per cent. "There are few nations which have not either a protective tariff or prohibitive tariff on calf leathers."

The calf leather entering into the manufacturing cost of a shoe represents about 25 per cent of the cost.

Hearings: Pages 4501-4503.

Witness: Mr. Maxwell J. Lowry, representing patent-leather tanners of the Tanners' Council.

Costs and selling prices.—German labor in this industry is paid \$2.25 to \$3 per week, based on the present value of German currency, while in this country the wages are \$25 to \$35. Germany has access to better raw material and manufactures her own tanning materials at a cost lower than the American.

About half the expense in the production of patent leather is for labor.

Canadian patent leather is being sold in this country in steadily increasing quantities and at prices which American tanners can not meet. Canadian labor is on a lower wage basis than the domestic. German patent leather is also being sold in this country at prices below the domestic cost of production.

Rates suggested.—That to paragraph 1431 of the pending tariff bill there be added "and patent, japanned, varnished, and enameled shoe-upper leather, 5 cents per foot and 25 per cent ad valorem." This on American valuation. "Patent leather requires a higher duty than other kinds of upper leathers, because the production cost is

about twice as much." Labor is the principal item in the cost of japanning, which is all handwork.

Remarks.—German tanners had adopted, before the war, the improved American process for making light, flexible patent leather, and were not only capturing American foreign markets but sending patent leather to this country. Canadian tanners improved their product after 1915 and invaded this market.

Hearings: Pages 4495–4496.

Witness: Mr. George B. Bernheim, representing R. Newman & Co., of Hoboken, N. J., manufacturers of fancy leather, and other case, bag, and strap leather manufacturers, Hoboken, N. J.

Costs and selling prices.—Labor represents about 50 per cent of the cost of the finished article. European labor is paid much lower wages than the American. "The success of finishing the leathers named is dependent on the attention given to each individual skin by skilled workmen, and no machinery has yet been devised to replace the hand-labor operations so essential to the production of artistic leather."

Size of industry.—There are about 75 firms engaged in the industry.

Rates suggested.—Twenty per cent ad valorem. It is suggested that these leathers be put under paragraph 1431, so that it should read:

Chamois skins, pianoforte, pianoforte-action, player-piano action, enameled upholstery leather, bag, strap, case and glove leather, finished, in the white or in the crust, and seal, sheep, goat, calf, pig, and all other leathers, dressed and finished other than shoe leather, not specially provided for in this section, 20 per cent ad valorem.

Remarks.—The fancy, bag, strap, and case leather manufacturers desire free raw materials and a duty on leather.

PARAGRAPH 1600.—HARNESS AND SADDLERY.

WITNESS, AND INTEREST REPRESENTED.

FAVORING HIGHER DUTIES:

Mr. J. A. Roberts, representing the Wholesale Saddlery Association of the United States, Hartford, Conn.

Hearings: Pages 4503–4511.

Costs and selling prices.—Lower rates of wages are paid in this industry abroad. "Much of the handwork is done in the homes of the mechanics by members of their families, and so without overhead expense to the master producer. Similar conditions do not prevail in the United States." Foreign-held surplus harness and saddlery stocks are a further menace to the industry, and the duty of 35 per cent imposed by Canada on imports of harness and saddlery has closed that market to domestic manufacturers. The largest harness and saddlery manufacturing and jobbing house in North America is in Winnipeg. The Canadian manufacturer does not have to adapt his product especially to the American market.

Size of industry.—The industry has suffered of late from changes in the methods of transportation.

Rates suggested.—Saddlery and harness should be placed under a separate paragraph. A duty of 35 per cent on foreign valuation—the rate which Canada imposes—would be satisfactory. Duty has to be paid on worsted girth webbing, wooden “trees” and other parts used in making saddlery, while the finished articles come in free. (The insertion of “except metal parts” in paragraph 1600 has changed the situation in respect to the duty on such parts of harness and saddlery.) Section No. 302 does not afford relief, or if used, would be invoked only after much damage and loss had been sustained.

Remarks.—“Now, I submit to you the impossibility of our manufacturing an article for pleasure use and an item of luxury, and paying a duty on the absolutely essential materials going into it if we manufacture it in the United States, and competing with English-made goods manufactured at a lower wage rate than paid in the United States factories.”

PARAGRAPHS 1600 AND 1601.—LEATHER AND SHOES.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED DUTIES:

Mr. Charles H. Jones, representing the National Boot & Shoe Manufacturers' Association of the United States, Whitman, Mass.

Hearings: Pages 4474-4491.

The witness stated that the majority of the shoe manufacturers would prefer free hides, free leather, and free shoes to a duty on each. A duty on hides would increase the cost of shoes and other leather goods to the domestic consumer, handicap the American shoe and leather industries in foreign markets and decrease the exportation of those products; it would not stimulate the domestic production of hides to any extent, since they are a by-product, nor would it add to the farmers' or stock-raisers' income, as the packers would get the increase in the price of hides; it would put the independent tanners at the mercy of the packers and would not yield the Government any considerable revenue. The leading arguments in the testimony and brief are abstracted below:

The imposition and repeal of import duties by the Payne-Aldrich and Underwood tariffs, respectively, are referred to. A tax on hides has been proposed whenever a tariff bill has been under consideration since the Civil War, but no Ways and Means Committee has ever included it in any bill reported. So far as can be learned no country whose industries are highly developed, and where manufacturing is protected, has ever imposed such a tax. It found its place in the Dingley bill through the insistent demand of certain Senators from the far western States and is believed to have been conceded to them on a trading basis, rather than as a protective measure.

The purpose of protective taxes is to protect some useful American industry, to insure to American workmen employment at reasonable wages, or to produce revenue for the Government. “It is easy to show that this tax (in the bill) will do none of these things.” Hides are a by-product and production would not be increased on

account of a duty. Besides, as the hide is worth about one-fifteenth part of the value of the animal, a duty of 15 per cent on that fraction value "means nothing in the way of protection." As regards revenue production during the twelve years that this duty was in force it produced only between one and two million dollars a year.

The increased cost of the raw material due to the duty will be reflected in increased cost of leather and articles made from leather. In the case of heavy shoes, the increase in cost at the factory would be 10 to 12 cents a pair on the prewar basis of cost and would be much more to the consumer. It is estimated that the total increase in cost of footwear to the people of this country would be twenty to twenty-four million dollars a year.

If the proposed duty is imposed, and American tanners receive the drawback on exported leather made from imported hides, such leather will sell for about 2 cents less per foot to foreigners than to the domestic consumer. This condition would assist the foreigner in competing with American shoe manufacturers in overseas markets, and hides from the great cattle-raising areas would be diverted to free markets.

The prices of hides are fixed in a world market. The supply of hides, in proportion to the demand, is decreasing; every hide is needed and will tend to be sent to a free market for sale. The duty on hides, in effect from 1897 to 1909, reduced importations, thus injuring domestic industry and encouraging the tanning business abroad. After 1909, when hides were on the free list again, the imports increased. Much other material necessary to the manufacture of shoes is used with them, labor is employed, and manufacture and industry are stimulated. Even under present conditions, this country is obliged to import 40 to 45 per cent of all the hides used here. The freight rate on leather exported from England via English lines to New York is one cent a pound, while the rate on leather going to England from New York is $2\frac{1}{2}$ cents a pound. There is a 15 per cent export duty on hides sent from India, two-thirds of which is rebated to purchasers in other parts of the British Empire. England's manufacturers are protected by this differential.

The witness also takes up the argument in favor of a duty on hides, presented in a brief filed with the Committee on Ways and Means by Mr. S. H. Cowan, of the National Live Stock Association, on December 5, 1908. Mr. Cowan had asked what difference it made to the tanner, who gets the benefit of a hide duty, the man who slaughters the steer, or the farmer.

The reply to this is that the packers now tan more than 50 per cent of all hides going into sole leather in this country, besides considerable side upper and calf leather. Of the entire yield of hides in this country, 65 per cent are packer hides and 35 per cent are country hides. "Their substantial progress in the control of the industry has not been brought about because they are better tanners or better merchants but simply in consequence of their control of the raw material."

A large part of the increased price resulting from the duty will be secured by the packers and will add to their advantage over the independent tanners, thus leading to packer domination of the shoe

business. The quality of leather produced by the packers is inferior, and "constantly tends to break down the standards of excellence to which the industry has become accustomed, and will tend in the long run to become a very substantial item in the cost and value of leather goods in general use throughout the country."

The brief goes on to state that the price of the complete animal is invariably less per pound than the price of the hide. Consequently, if steers are bringing 12 cents a pound on the hoof, the hide costs the packer 12 cents, while the market price of the hide at that moment may be 16 cents and the independent tanner must purchase it at that higher price.

Following the depression of 1907, during the spring and summer of 1908, the packers operated in the market to keep up the price of hides. They had tanned large quantities of hides acquired at low prices and wished to maintain the price of leather which they had for sale. The average price of native steers declined from \$6.10 per hundred in the first six months of 1908 to \$6 per hundred in the last six months of the year, while the average price of native steer hides increased from 11.17 cents per pound to 15.69 cents per pound. The brief alleges that this operation has been repeated or attempted whenever the market has offered a favorable opportunity.

The brief also refers to the following statement of the Federal Trade Commission, made not in relation to the proposed duty, but to the position of the packers without any hide duty at all: "They may not be able to put a tanner out of business at once, but they have the power to do it if they are so disposed."

The finish and beef value of the animal are the principal factors in determining the price which the grower receives; neither he nor the purchaser can know the exact price which the hide will bring. The question is asked: "Is it reasonable to assume that in selecting and purchasing cattle for slaughter so small a matter as 15 per cent on one-sixteenth of the value of the animal can be recognized by the buyer and added to the beef value of the animal?" The packer allows an estimated percentage of the value of cattle to cover the value of offal—hides, tallow, horns, hoofs, butter fats, etc. "Business prudence compels this allowance to be made small enough to make the packer safe in his purchase of the animal. Then any market condition, tariff, tax, or other factor which tends to increase the price of the hides or other offal simply increases their profit."

Other factors make it difficult, if not impossible, for the hide value to be taken into account when buying any specific lot of steers. Brands on steers do not affect their price, yet a branded hide is not worth as much as an unbranded one; hides are not sold immediately, but are kept in the cellars of the packers for months, during which time their value often fluctuates greatly; a thin cow will be sold as a canner at a very low price, while a cow in good beef condition will bring a higher price, but the hides will go into the same lot and be sold to the tanner at the same price.

The conclusion is repeated that so small a variation in the price of the hide as would be represented by a duty of 15 per cent could make no appreciable difference in the price paid by the packer for the animal for slaughter.

PARAGRAPH 1601.—SHOES.

WITNESS, AND INTEREST REPRESENTED.

FAVORING HIGH DUTIES:

Mr. John S. Kent, representing the National Boot and Shoe Manufacturers' Association of the United States, Brockton, Mass.

Hearings: Pages 4511-4514.

Costs and selling prices.—The manufacturer gets about \$6 for a pair of shoes retailing at \$9. The proportion of the \$6 represented by labor cost is 20 to 25 per cent. Wages have been reduced 10 to 20 per cent in the shoe industry. Wages paid abroad are lower than those paid in this country.

Size of industry.—The boot and shoe manufacturing industry ranks sixth and, with its allied industries, third among the industries of the United States. The 1919 census report gives the number of establishments as 1,441; number of shoes produced, 329,528,900 pairs; value of output, \$1,152,016,000, and an annual wage distribution of more than \$200,000,000 among over 200,000 workers. Imports of shoes have increased greatly during 1919, 1920, and 1921. During the fiscal year ending June 30, 1919, the number of pairs imported was 49,743; fiscal year 1921, number of pairs 206,666. Imports were from England, Germany, and Japan. On the other hand, exports of American shoes have been decreasing; in the fiscal year ending June 30, 1920, they amounted to 20,289,557 pairs and in the fiscal year ending June 30, 1921, to 12,581,181.

Rates suggested.—Fifteen per cent ad valorem, if hides are left on the free list.

Remarks.—Canada imposes a duty of 30 per cent ad valorem on American shoes. It is hoped that "when the tariff bill under consideration becomes law it will contain a clause giving the President authority to tax imports from countries that tax our products."

PARAGRAPH 1603.—ASPHALT.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED DUTIES:

Mr. W. E. Humphrey, representing the Barber Asphalt Paving Co., Washington, D. C., and other paving interests.

Mr. Herbert Abraham, representing the Prepared Roofing Association, New York City.

Hearings: Pages 4515-4518.

Witness: Mr. W. E. Humphrey.

Size of industry.—Leaving out of consideration asphalt produced from oil, with which the witness is not concerned, there is no native asphalt produced in this country. Protection of native asphalt could not therefore stimulate production or develop domestic natural resources.

Comparability.—There is no competition in price with Trinidad Lake asphalt to-day at \$28 a ton, Bermuda Lake at \$38, and oil asphalt at \$12. The witness distinguishes between "native" and "oil" asphalts; none of the former is found in this country and it is these which are used largely for paving.

Rates suggested.—The witness, himself "an extreme protectionist," thinks it an economic mistake to tax a product used principally by public bodies, because in making the transfer from one pocket to the other there is always a loss.

Remarks.—A brief filed by the witness discusses the relative merits of native and oil asphalts and the cost involved in the use of inferior products.

Hearings: Pages 4712-4713.

Witness: Mr. Herbert Abraham, representing the Prepared Roofing Association, New York City.

Size of industry.—This industry is carried on in 48 factories in the United States, the production of which represents 70 per cent of all types of roofs used in this country. In 1920, 2,837,500,000 square feet of asphalt roofing and shingles were manufactured. For these, asphalt derived from Mexican petroleum is the most suitable, 484,000 tons having been used in 1920. A tax of 35 cents per barrel on crude oil would increase the cost about \$1,685,000 annually, at a time when a revival of the building program is of prime importance to relieve unemployment and reduce high rentals.

Rates suggested.—Free list.

PARAGRAPH 1610.—WOOD PULP.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING HIGHER DUTIES:

Mr. Peter G. Thomson, jr., representing the Champion Fiber Co., Cincinnati, Ohio, and Canton, N. C.

The Columbian Paper Co., Philadelphia, Pa. (Brief.)

Mr. Courtney Campbell, representing Carolina Stock Farms, Foreston, S. C. Bastrop Pulp & Paper Co., Old Hickory, Tenn. (Brief.)

The Pynetree Paper Co., Gordon, Ga. (Brief.)

Port Huron Sulphite & Paper Co., Port Huron, Mich. (Brief.)

Mr. H. H. Bishop, representing the Pulp Manufacturers' Association, New York City.

Mr. A. C. Goodyear, representing the Bogalusa Paper Co. and other concerns.

The West Virginia Pulp & Paper Co. and chemical fiber manufacturers from different sections of the United States. (Briefs.)

The Filer Fiber Co. (Brief.)

Farmers producing pulp wood in all parts of the United States and manufacturers of chemical wood pulp. (Brief.)

FAVORING PROPOSED DUTIES:

The Book Paper Manufacturers' Association. (Brief.)

Mr. Peter G. Thomson, representing the Miami Valley Paper Manufacturers' Association. (Brief.)

Mr. Frank C. Overton, representing the Association of American Wood Pulp Importers. (Brief.)

Hearings: Pages 4523-4533.

Witness: Mr. Peter G. Thomson, jr., representing the Champion Fiber Co., Cincinnati, Ohio, and Canton, N. C.

Size of industry.—The pulp-wood industry ranks as the most important in North Carolina, as a source of revenue to farmers and small land owners. In normal times the wood supply amounts to \$250,000 monthly, and the monthly pay roll is \$130,000, making a wide distribution of money in farming and pioneer districts where it is so badly needed. The chemical pulp mills, whose costs are

over 70 per cent labor, can supply the entire requirements of America forever, if not driven out of business. (See tables on p. 4547.)

Comparability.—Owing to the large importations of foreign chemical pulp free of duty, at prices below American costs, the wood purchases have stopped, the mills shut down, and thousands of workers and their families are in actual want. In Finland, the workers work 12 hours or more at ridiculously low wages. America can not meet the competition of foreign chemical pulp made with such cheap labor. For the quarter ending September, 1921, Germany exported 16,000 tons of chemical pulp to America, and Finland 7,000 tons.

Rates suggested.—One cent a pound on bleached chemical pulp and six-tenths of a cent on unbleached chemical pulp. The supplies and materials which are purchased are all protected with duties, and they can not meet the competition of foreign chemical pulp made with cheap labor. Interests represented wish sufficient specific and ad valorem duty to enable them to continue in business.

Remarks.—Witness states that their workers, normally about 2,400, are all white native-born Americans, and they wish to employ them so that they can live according to American standards, with proper homes, schooling, and hours of labor. They operate on the eight-hour basis, but can not do this and pay suitable wages, if foreign chemical pulp made with their different ideals of labor comes in free of duty. Various briefs were submitted including tables of the chemical pulp industry.

Hearings: Pages 4535–4536.

Witness: The Columbian Paper Co. (Brief.)

Size of industry.—Chemical wood pulp mills employ native American labor only. The wage scale runs from \$1.50 to \$5 per day, with a few very expert men receiving more. Common labor receives \$9 per week in America and \$4 per week in Germany.

Rates suggested.—The company requests six-tenths of 1 cent per pound on unbleached chemical pulp and 1 cent on bleached chemical pulp. A tariff is a guaranty against unusual importation in depressed times like the present (December, 1921), when foreign countries take full advantage of their lower costs and sell at a price below the American cost of production, forcing the market to absorb their production while American production waits for an increased demand so that it can also begin to move. The tariff requested would, in effect, force foreign manufacturers to sell in America at American production cost and pay into the Treasury of the United States the difference between their own low costs and the higher American cost. The company suggests that the tariff be enacted without delay and thus rescue the chemical pulp industry of America from a most desperate situation.

Remarks.—Wood, the raw material of the paper industry, is bought from farmers and country landowners, who produce it with their own labor. The market for this wood, which would be otherwise unmarketable, provides the income from new ground which makes clearing a possibility. Few farmers could afford to clear new ground if there were no return from the labor employed, and if the timber cut had to be piled and burned with additional labor cost.

Hearings: Pages 4536-4540.

Witness: Mr. Courtney Campbell, representing the Carolina Stock Farms, Foreston, S. C.

Size of industry.—The stock farms operate 4,300 acres. The only source of income is from the wood produced from this new land, which is salable for only one purpose—chemical pulp. There are several hundred millions of acres of similar lands in the United States which can be utilized for chemical wood pulp only.

Comparability.—To-day (1921) in South Carolina the labor used in the chemical pulp industry is actually facing starvation. These men can not be given work until the pulp wood is sold, and it can not be sold at present because the mills are all shut down. The yards are loaded with pulp wood and thousands and thousands and thousands of cords are lying exposed to the weather. At this time chemical pulp, imported by America from Germany, Sweden, Czechoslovakia, Norway, and from other countries by the million pounds, is being sold at prices below the cost of production of American pulp mills—Germany receives twice the price in America for her chemical pulp that she does for her home consumers. America can not compete with Germany's skilled labor cost of 7 cents an hour against 62 cents an hour in America. The lowest wage paid in America in the South is \$1.25 per day.

Rates suggested.—A duty on chemical wood pulp, requested not as a special interest seeking favorable legislation, but as American farmers for themselves and their labor. The tariff duties should be so apportioned as to protect American laborers as well as American paper manufacturers. The House bill gives protection where it is least needed, for any depression in the industry of manufacturing paper does not compare with the ruin that is facing producers of chemical pulp.

Remarks.—A brief submitted states that the stock farms are engaged in bringing into cultivation waste land, and thereby adding to the resources of the country. If the wood obtained from these lands is not sold, owners can not afford to clear it and it must be cleared to be brought into production. The pulp mills are idle because they can not produce pulp at the price offered, and because there is only a limited demand at a time when the market is absorbing thousands of tons of foreign pulp. American chemical wood pulp is to the extent of 70 per cent the product of American labor.

Hearings: Pages 4533-4534.

Witness: Bastrop Pulp & Paper Co., Old Hickory, Tenn. (Brief.)

Comparability.—American produced chemical wood pulp is to-day (December, 1921) unmarketable, even at cost, because Finland, Sweden, Germany, Norway, and other countries, with their lower production cost, can profitably undersell American cost in the only market open to American producers—the market of the United States. These countries are so favorably situated that they can sell in America below American cost and still exact twice the net price for which they sell at home. A statement issued by the Division of Customs, United States Treasury, shows that on a certain day in 1921 the price at a German factory to a German buyer was 2.956 marks per kilo, and on the same day the price to an American buyer was 5.238 marks per kilo, nearly twice as much.

Remarks.—Seventy per cent of the cost of American chemical pulp is labor. If any industry has a right to protection it is the chemical wood-pulp industry. With its mills shut down and its labor idle while foreign pulp, duty free, floods American markets, it faces stern times.

Hearings: Pages 4534–4535.

Witness: The Pynetree Paper Co., Gordon, Ga. (Brief.)

Remarks.—The company states that it is a pioneer American concern, located in a new territory for the chemical wood pulp, tapping a new source of American raw material of which there is an unlimited supply, and paying cash money in pay rolls to American labor in an out-of-the-way section where cash money is scarce. It is one of the chemical pulp mills that invested American capital in America and which is producing values from American resources. They have no other market except America, and that market is completely in the hands of foreign producers who sell below American cost, while American labor is going hungry and the timber is valueless and the many mills are facing annihilation.

Hearings: Page 4535.

Witness: Port Huron Sulphite & Paper Co., Port Huron, Mich. (Brief.)

Costs and selling prices.—The desperate situation of the chemical-pulp mills of America is indicated by the following:

The cost of producing unbleached chemical pulp.

	1916	1920		1916	1920
Wood.....	\$16.65	\$35.70	Insurance and taxes.....	\$0.70	\$2.54
Sulphur.....	2.64	1.92	General and office.....	.89	1.66
Limestone.....	.29	.51	Commissions.....	.31	.83
Superintendence.....	1.31	2.18	Labor.....	8.55	17.20
Coal.....	2.74	11.00			
Factory expense.....	3.75	6.75	Total per ton.....	37.83	80.29

The company states that pulp is selling in the market for \$10 to \$20 per ton less than their cost of product, and their mill lost about \$100,000 in 1921. The direct labor cost to the mill on pulp is about 22 per cent of its entire cost and the indirect labor cost is nearly 50 per cent of the entire product, as that is the cost of the principal raw material, which is wood. The labor is therefore 72 per cent of the total cost.

Hearings: Pages 4540–4542.

Witness: Mr. H. H. Bishop, representing the Pulp Manufacturers' Association, New York City.

Size of industry.—The daily capacity for manufacturing wood pulp in the United States, as of January 1, 1922, is about 8,000 tons mechanical, 9,300 tons chemical. The 1920 production, totaling 4,700,000 tons, is recognized by everybody as abnormally large. It may be fairly assumed that normal production and importation is about 4,000,000 tons. Attention is directed to the fact, shown by these figures, that to the extent pulp is imported domestic mills and employees are denied the opportunities which should be theirs.

Comparability.—An alarming feature is found in the importation of 570,000 tons of pulp in the year 1921, this being made possible by the depreciation in the value of foreign currencies.

Rates suggested.—On mechanical pulp, one-tenth of 1 cent per pound dry weight. On unbleached chemical pulp, two-tenths of 1 cent per pound dry weight; on bleached chemical pulp, three-tenths of 1 cent per pound dry weight. It is also urged that, in addition to these specific duties, some special provision be made to give additional protection against the competition of countries having debased currencies.

Hearings: Pages 4522-4523.

Witness: Mr. A. C. Goodyear, representing the Bogalusa Paper Co., Buffalo, N. Y., and several manufacturers of chemical wood pulp.

Rates suggested.—The object of the witness's appearance was to ask for such a change in paragraph 1610 as would provide for a duty of six-tenths of a cent a pound on unbleached pulp and 1 cent a pound on bleached pulp, with, in each case, 5 per cent ad valorem based on American valuation. This duty to apply only to chemical, as distinguished from ground wood pulp.

It is urged that the chemical-pulp industry faces the most serious situation in its history. Manufacturing costs in the United States are so far in excess of foreign that competition is out of the question. Already American mills are running at a heavy loss to furnish work for their married employees. Foreign pulp is for sale in New York at \$10 to \$20 per ton less than the cost of manufacture in American mills. Tabulations submitted lead up to the statement that "American chemical pulp mills are competing with labor paid one-tenth of the American wage."

Witnesses: The West Virginia Pulp & Paper Co., and chemical fiber manufacturers from different sections of the United States. (Briefs; no appearance at hearings.)

Costs and selling prices.—Chemical fibers are now (August, 1921) being offered on the American markets at the following prices per pound, delivered at New York or other Atlantic ports of entry:

Sulphate, 2.25 cents.

Unbleached sulphite, 2.75 cents.

Bleached sulphite, 3.50 to 4 cents.

American manufacturers can not meet these prices, which are far below the present replacement value of the raw material content alone.

Size of industry.—The chemical-fiber industry in the United States is one of the basic industries. Over \$350,000,000 capital is employed in it, and over 25,000 workmen are directly, and as many more indirectly, employed. These include thousands of farmers who cut pulp wood in their off seasons.

Comparability.—Manufacturers do not object to chemical fiber coming into America from Canada, or any other country, free of duty, so long as the rates of exchange are nearly the same. The principal foreign pulp-producing countries are Germany, Austria, Czechoslovakia, Finland, Norway, and Sweden. All of these have large holdings of forest lands, except Germany, whose wood supply is

obtained from Russia, Finland, and Austria. The cost of production of chemical fibers in these European countries, particularly Austria, Germany, and Finland, is very much lower than in America. Even if the costs were no lower, these countries now have an overwhelming advantage in this market through the demoralized condition of foreign exchange. European countries are erecting tariff walls to keep out German imports, which they fear. England is trying to solve the difficulty in some other way. The more effective the means adopted by European countries, the more intense will be the German competition for export trade against the United States. In the manufacture of wood pulp, Germany has an exceptional advantage because of the cheapness of labor and raw materials. An increase in exports of wood pulp by Germany to the United States will necessarily result in lower costs of production there and higher costs of production here. The competition of other countries would be equally as destructive to the American industry.

Rates suggested.—The interests represented feel that the only kind of relief which is possible to obtain is something along the lines of the enclosed proposed amendment to H. R. 7456, providing for a compensatory duty on certain basic commodities produced in this country. This duty is an amount equal to the difference between the cost of production in the United States and the price at which the foreign goods are sold or offered for sale in America. This would give domestic manufacturers something like an equal chance with foreign manufacturers. The latter would still have an advantage if their costs of production are lower than the domestic, the only means of protection being to reduce domestic costs. The American valuation plan will be of no benefit to the domestic manufacturer of any commodity on the free list; its application will be limited to ad valorem duties.

Witness: The Filer Fiber Co. (Brief; no appearance at hearings.)

Costs and selling prices.—While it costs \$60 to-day (1920) in America to produce a ton of kraft pulp, at low labor and material cost foreign paper is being sold in New York at \$40 per ton, ex dock. The freight on this is \$7.20 per ton, making a total cost of \$47.20 per net ton delivered in Michigan. Domestic pulp delivered in Michigan at \$47.20 means a net loss of \$20 to \$25 per ton. The company states that if it can not at least secure cost out of their production by September, 1920, they will have to shut down their mill for good.

Comparability.—The American pulp-wood industry is practically facing ruin because of the foreign pulp being dumped into the United States, solely because their foreign pulp manufacturers must secure money. The various conversion paper makers take advantage of the foreign pulp that is being sold in the United States and work in conjunction with New York pulp brokers, who in turn import chemical pulps and sell them to the American consumer.

Rates suggested.—The company earnestly urges that a duty be placed on foreign chemical pulp coming from European countries, which will assist the pulp and paper industry throughout the United States as well as Canada. If a duty were placed on chemical pulps coming from Sweden, Norway, Finland, and Germany, it would stimulate the pulp and paper industry and make it more uniform in

price and otherwise. All of the chemical pulps come into the United States free of duty. Newspaper manufacturers desire pulp to come in free of duty from Canada, but this does not apply to European countries.

Witnesses: Farmers producing pulp wood in all parts of the United States and manufacturers of chemical wood pulp. (Brief; no appearance at hearings.)

Size of industry.—The chemical-pulp mills of the United States represent an investment of many millions of dollars, give employment to thousands of men at high wages and, in 1920, afforded a market of 3,713,184 cords of domestic wood fit for no other purpose, giving income to thousands of farmers and landowners for a product available in no other market.

Comparability.—Despite the great sources of raw material for the chemical wood-pulp industry in America and the capital invested, Americans are condemned to stand idle and watch the wood-pulp industry follow the mechanical pulp industry into Canada, where lower manufacturing costs lure American capital by offering large profits for the time being. The labor which Americans could supply is bought in foreign markets, in Germany, Finland, Canada, Sweden, and Norway. The raw materials which Americans could supply are bought in the same markets. Germany, Finland, and Scandinavia are throwing thousands of tons of chemical wood pulp into the disorganized American market, selling at a price of 30 to 50 per cent higher than they ask in the foreign home markets.

Rates suggested.—The interests represented desire that a duty of 1 cent per pound be placed on bleached chemical pulp and 6 cents per pound on unbleached. These duties are asked because 50 to 60 per cent of the cost is labor and the wages of labor used in the manufacture are higher in America than in foreign countries; also because chemical wood pulp production turns a raw material, otherwise worthless and unmarketable, into a valuable product and increases the area and value of tillable land. Foreigners can export free to America, but American manufacturers enjoy no reciprocal advantage. The duty suggested would give a revenue to the United States of from \$3,000,000 to \$5,000,000 per year—a revenue which would not come from the consumer but be paid by the foreign producer. It would protect the American producer from unhealthy competition. American production fixes the price of chemical pulp in America.

Remarks.—There is enough wood standing and growing in the United States to maintain the chemical-pulp industry in perpetuity. Eliminating saw timber land, there are in the United States 132,859,000 acres of land adapted for nothing but the production of pulp wood. This land has now on it standing pulp wood estimated at 707,350,000 cords, a supply for nearly two centuries. The pulp mills can utilize all waste wood left over from the sawmills.

Witness: The Book Paper Manufacturers' Association. (Brief; no appearance at hearings.)

Size of industry.—The 1920 production of the entire book-paper industry was approximately 1,100,000 tons, valued at \$220,000,000. The number of wage earners was about 22,000. The total wood pulp

produced in the United States in 1920 was 3,799,835 tons, of which 2,054,253 tons were used by the domestic pulp mills themselves, the remaining 1,745,582 tons being available for the converting mills. The wood pulp imported by the converting mills in 1920 was 906,078 tons.

Rates suggested.—The association protests against a duty on wood pulp. Any such duty places the converting mills at a disadvantage in competition with those producing their own pulp and not dependent on the foreign supply. The Canadian Government is looking toward an export duty on wood products as a source of necessary revenue. If a considerable export duty is put on wood pulp by Canada and there is also an import duty placed on it by the United States the price to the consumer of wood pulp will be unfairly high. Members of the association are adjusting themselves to the new economic conditions, and by every effort possible have reduced, and are reducing their costs so as to quote lower prices for their finished product to the consumer. An import duty on wood pulp would tend toward maintaining or increasing the high cost of book paper. As such it would be a tax on education and should be discouraged.

Hearings: Pages 4518–4519.

Witness: Mr. Peter G. Thomson, representing the Miami Valley Paper Manufacturers' Association. (Brief.)

Size of industry.—The association represents 19 paper mills located between Cincinnati, Dayton, and Chillicothe, Ohio, having a combined annual output of 473,000 tons, or about 10 per cent of all the paper produced in the United States, exclusive of newsprint.

Rates suggested.—The members of the association are convinced that the wood-pulp industry does not require protection. The united capacity of the domestic pulp mills is insufficient for any extensive period, owing to the limitation of a diminishing wood supply. The dependence upon foreign forests is increasing yearly and there is no prospect of reducing the amount of pulp used. While thus favoring the retention of wood pulp on the free list, the association requests that an equivalent duty be placed on imported finished paper in the event of a duty on wood pulp being decided upon.

Hearings: Pages 4519–4522.

Witness: Mr. Frank C. Overton, representing the Association of American Wood Pulp Importers. (Brief.)

Size of industry.—The need of protection for the wood-pulp industry is denied, the witness maintaining that the industry in this country has been developed to its utmost capacity, the diminishing supply of wood being an effective limitation. This being so, paper manufacturers are bound to obtain a portion of their supplies from abroad—a factor also favoring the conservation of domestic growths for future generations. When so much is being done by governmental agencies in the latter direction, would it not be inconsistent for Congress to take wood pulp from the free list? The percentage of foreign wood required by the industry must, indeed, increase as time goes on.

Taking into account the 146 American mills manufacturing chemical pulp, of which only 15 manufacture pulp exclusively for sale, the product is the raw material of about 600 paper mills which do not

make pulp. It is obvious, therefore, that the paper manufacturers who buy pulp employ in the aggregate a vastly greater number of workmen than do the mills manufacturing pulp and that a tariff on pulp would discriminate against 75 per cent of the paper makers in the United States. The effect of such a tariff upon the public must also be borne in mind; paper, in all its multitudinous uses, would be increased in price, to the detriment of every member of the community.

PARAGRAPH 1614.—VANADIUM.

WITNESS.

FAVORING HIGHER DUTIES:

The Colorado Vanadium Corporation, New York. (Brief; no appearance at hearings.)

Rates suggested.—Statistics are quoted from the United States Geological Survey as to the metallic vanadium content of vanadium ores produced in the United States from 1912 to 1918, inclusive. The figures indicate that during the period mentioned the vanadium content of domestic ores was 3,031 tons, as compared with 3,392 tons from Peru. Since the domestic production almost equals the imports, it is urged that vanadium ore be made dutiable in order to foster the development of resources in Colorado, Arizona, Utah, and New Mexico.

PARAGRAPH 1620.—COPRA.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING HIGHER DUTIES:

Mr. A. M. Loomis, representing the National Dairy Union.

FAVORING PROPOSED DUTIES:

Mr. G. H. Gillespie, representing the Vegetable Oil Corporation, Berkeley, Calif.

Mr. J. L. Berrickx, representing the Gorgas Pierie Manufacturing Co., Philadelphia, Pa.

The American Nut & Seed Oil Corporation. (Brief.)

Hearings: Pages 1174–1183 of Schedule 1.

Witness: Mr. A. M. Loomis, representing the National Dairy Union.

Rates suggested.—That copra be taken off the free list and made dutiable at not less than 5 cents per pound.

Hearings: Pages 4542–4554.

Witness: Mr. S. H. Gillespie, vice president and managing director Vegetable Oil Corporation, Berkeley, Calif.

Selling price and costs.—The cost of copra to-day is about 4½ cents per pound landed at the Pacific coast; the price for oil is 7½ cents. There is only 60 per cent oil in copra.

Size of industry.—In 1920 there were 218,000,000 pounds of copra imported into the United States, of which only 7 per cent came from the Philippine Islands, compared with 70 per cent in 1912. The capital invested in the domestic copra crushing industry is more than \$12,000,000.

Rates suggested.—Free.

—About one-half the copra used is imported in ships which would lose this business if a duty were imposed on the oils and fats used in lard substitutes in 1919, only 10 per cent of the total amount was coconut oil. In the manufacture of condensed milk from skimmed milk and coconut oil, only about 100,000 pounds of coconut oil were used in 1920 out of a total consumption of several hundred million pounds of oil. The committee with filled milk compensates the dairymen producing whole milk, broadening the market for the large amount of skimmed milk produced and which is thereby enhanced in value.

Witnesses: Pages 4554-4558.

Witness: Mr. J. L. Berrickx, representing the Gorgas Pierie Manufacturing Co., Philadelphia, Pa.

Industry.—Normally, 250,000 pounds of copra are crushed in this country annually for coconut oil, which is the chief ingredient in many soaps with which cottonseed oil is used.

Rates suggested.—Free list.

Remarks.—If cottonseed oil can take the place of coconut oil the country will have to grow two or three million bales of cotton more than its normal crop to obtain the necessary seed. This would enormously lower the price of the main crop—cotton. The crushing of cottonseed oil is a seasonal business which should welcome copra as the latter could be crushed during the period when cottonseed oil is not available. If copra were embargoed, margarine would not be made from the huge surplus of oleo oil and neutral lard now imported. A duty on coconut would protect the crushers in the Philippine Islands, who would send coconut oil to this country because they are able to outbid United States' crushers by at least \$15 per ton of copra. Consequently, a duty on copra would bar importation of this material in the United States and cause the closing down of copra crushing mills; all coconut oil would be expressed in the Philippine Islands, while tremendous amounts of copra would be exported to Europe for crushing, depriving this country of a large export market.

Witness: The American Nut & Seed Oil Corporation, New York. (Brief; no appearance at hearings.)

Size of industry.—About \$1,000,000 capital invested.

Rates suggested.—Copra to be specifically retained on the free list.

PARAGRAPH 1625.—ESSENTIAL OIL.

WITNESS, AND INTEREST REPRESENTED.

REQUESTING RECLASSIFICATION:

Mr. Harry C. Wright, representing the American Perfumers' Association.

Hearings: Pages 1001-1010 of Schedule 1.

Rates suggested.—That bois de rose and cananga be specifically mentioned in paragraph 1625. These were omitted because bois de rose was considered to be identical with linaloe and cananga identical with ylang-ylang. The association is convinced that there is such an essential difference between these materials and those to which they are related that it would be a serious error not to mention them specifically in this paragraph.

PARAGRAPH 1626.—VEGETABLE OILS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING HIGHER DUTIES:

The Oil Seeds Co., New York City. (Brief.)

Mr. Fred H. Lysans, Seattle, Wash.

Mr. John Aspegren, representing the Portsmouth Cotton Oil Refining Corporation, and others.

Mr. I. M. Simmonin, representing C. F. Simmonin's Sons, Philadelphia, Pa. (Brief.)

Witness: The Oil Seeds Co. (Brief; no appearance at hearings.)

Rates suggested.—Copra should be specifically provided for in paragraph 1619 (free list.)

Coconut oil: An export tax is suggested on Philippine coconut oil, equal to the duty on that oil from other countries.

Palm-kernel oil: 2 cents per pound, same as coconut oil.

Sesame oil: $2\frac{1}{2}$ cents per pound.

Perilla oil: $2\frac{3}{4}$ cents per pound.

Remarks.—If it is intended to have copra enter free, it should be specifically provided for; otherwise it might be held dutiable at 1 cent per pound under paragraph 755.

Coconut oil, dutiable at 2 cents per pound, will enter almost entirely free from the Philippines, and domestic copra crushers would have to compete against the low costs there. An export tax is suggested to remedy this.

Palm-kernel oil is a good substitute for coconut oil and should be dutiable at the same rate.

Sesame oil is a good substitute for cottonseed and peanut oils and should bear a duty.

Perilla oil is a drying oil similar to linseed oil, and should bear the same rate of duty.

Witness: Mr. Fred H. Lysans, Seattle, Wash. (Brief; no appearance at hearings.)

Remarks.—The imposition of a substantial duty on oriental wood and vegetable oils, and the admission duty free of the raw materials from which they come, would result in transferring the immense oil-crushing business of the Orient to the United States, where more advanced methods would give higher oil yields. In addition, five industries would be established here, i. e., wood oil, fine potash, acetic acid, carbon black (all by-products of Chinese wood-oil crushing and refining), and casein, a by-product of the soya bean.

Hearings: Pages 4563–4567.

Witness: Mr. John Aspegren, representing the Portsmouth Cotton Oil Refining Corporation and others.

Size of industry.—The Portsmouth Corporation's factory has turned out, during the last two years, over \$20,000,000 worth of manufactured articles each year. Over 95 per cent of the business of the represented interests consists in crushing cotton seed and refining the crude cottonseed oil and making it into high-grade finished products. With the exception of peanuts and olives, practically all seeds are crushed and made into oil and oil cake.

This country exports oils and fats in excess, probably, of 2,000,000 barrels more than it imports. The country produces more cotton oil than the olive oil product of the entire world. The witness, not averse to a protection for this industry when the emergency tariff was under consideration a year ago, now asks to be protected against this protection. Sentiment has now swung around, and not a single cotton-oil refiner is in favor of protection. This revulsion of feeling has been brought about by changes in ocean transportation during the war, when oil seeds and oils were rushed across to America and the finished products were manufactured here and shipped to Europe. A large part of what was gained in this way was retained, but the passing of the emergency tariff led to the loss of the trade, which is now controlled by England and Holland.

Rates suggested.—Free list. Protection for the cotton-oil industry is regarded as entirely misapplied and as a tremendous detriment to the country.

Witness: Mr. I. M. Simmonin, representing C. F. Simmonin's Sons, Philadelphia, Pa. (Brief; no appearance at hearings.)

Remarks.—Attention is called to the facts that palm kernel oil, which can be used to better advantage than coconut oil, is free in H. R. 7456, while coconut oil is to bear a duty of 2 cents per pound; and that sesame oil, which is superior to peanut oil, is free, while peanut oil is dutiable at 2 cents per pound. As these defects will result in a large increase of importations of these free oils, a remedy for them is requested.

PARAGRAPH 1626.—CHINESE WOOD OIL.

WITNESS. AND INTEREST REPRESENTED.

FAVORING PROPOSED DUTIES:

Mr. Arthur Davis, president Standard Varnish Co., New York City.

Hearings: Pages 4570-4575.

Size of industry.—There are about 350 varnish manufacturers in the United States, doing their best to develop export business.

Rates suggested.—Free.

Remarks.—In a brief submitted by the witness, it is stated that Chinese tung oil, or China wood oil, is not produced commercially in the United States, and is not a substitute for linseed oil. In the varnish industry it is used with American gums and rosin, the consumption of the latter representing about 30 per cent of the domestic rosin production. Rosin can not be used with linseed oil. There is no duty on China wood oil into Great Britain or Canada, consequently, the domestic industry would be unable to compete with these countries in the markets of the world, to which supplies would be diverted should there be a tax on the oil. There are heavy American investments in tanks and facilities in China for handling China wood oil. A tariff on China wood oil would not produce a large revenue, owing to a decrease in imports. The varnish industry would be forced to use inferior materials.

PARAGRAPH 1626.—INEDIBLE OLIVE OIL.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED DUTIES:

Mr. A. M. Burkhardt, representing the Palm Olive Co., of Milwaukee, Wis.

Hearings: Pages 4568-4569.

Size of industry.—In 1920 imports of inedible olive oil were 8,600,000 pounds and in 1921 (10 months), 12,032,875 pounds, of which latter amount this concern used 43.98 per cent of the entire importation.

Rates suggested.—Free list.

Remarks.—There is no domestic production of olive oil foots—soap makers' material. In 1918, when the Italians embargoed the exportation of this material, it was necessary to bring in soap made of olive-oil foots from which the glycerin had been recovered prior to exportation.

The California output is for edible purposes, and the highest production in any year has been 200,000 gallons. Olive oil foots is necessary for the manufacture of this company's soap, which is nationally advertised, emphasizing the fact that olive oil is used.

PARAGRAPH 1626.—PALM AND PALM-KERNEL OIL.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED DUTIES:

Mr. Walter T. Hathaway, manager of purchasing department, Colgate & Co., Jersey City.

Hearings: Pages 4558-4563.

Size of industry.—Imports of palm oil were 9,640 short tons in 1919, having decreased from 20,310 tons in 1916. In 1917 there were consumed by the soap industry 27,345,000 pounds of palm oil, and about 10,000,000 pounds was consumed annually in the tin-plate industry. In 1917 the soap industry consumed 4,762,000 pounds of palm-kernel oil, 6,417,000 pounds of Chinese vegetable tallow, and 5,000 pounds of sesame oil.

Rates suggested.—Free list.

Remarks.—Palm oil and palm-kernel oil are particularly suited for the manufacture of soap. The industry can not afford to pay more than international prices on these oils. As there is no palm industry in America, and there can be none, palm oil is competitive with no vegetable oil of domestic production. The same remarks apply to palm-kernel oil, sesame oil, and vegetable tallow.

PARAGRAPH 1627.—LUBRICATING OILS AND GREASES.

WITNESS.

FAVORING PROPOSED DUTIES:

The Harold Newlin Hill Co., Philadelphia, Pa. (Brief; no appearance at hearings.)

Rates suggested.—Lubricating oil and grease, containing petroleum as the article of chief value. Free list.

Remarks.—The petroleum industry needs no protection. Only a small amount of lubricating oils and greases, of high quality and for special purposes, is imported. As lubricating oils and greases are absolutely essential to existence, their being placed on the free list would not be harmful.

PARAGRAPH 1627.—PETROLEUM.

(See also Paragraph 1603, Asphalt.)

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING HIGHER DUTIES:

United States Senator John W. Harreld, of Oklahoma.

Mr. Harry M. Smith, representing Mid-Continent Oil and Gas Association.

Mr. W. H. Gray, representing Oklahoma Oil Men's Protective Association.

The Okmulgee District Oil and Gas Association, Okmulgee, Okla.

FAVORING PROPOSED DUTIES:

The Okmulgee District Oil and Gas Association, Okmulgee, Okla.

Mr. J. R. Draney, representing the Asphalt Association, New York City.

Mr. Stephen Fleming, representing the phosphate miners of Florida.

Mr. M. O. Eldridge, representing the American Automobile Association, Washington, D. C.

Mr. M. J. Murphy, representing the Island Oil & Transport Corporation, New York City.

Mr. M. J. Spillman, Washington, D. C.

Mr. J. B. Klumpp, representing the American Gas Association, Philadelphia, Pa.

Mr. James L. Ackerson, representing the Atlantic Coast Shipbuilding Association, Philadelphia, Pa.

Mr. C. H. McDowell, representing the National Fertilizer Association. (Brief.)

The Headley Good Roads Co., Philadelphia, Pa. (Brief.)

Hearings: Pages 4575-4594.

Witness: United States Senator John W. Harreld, of Oklahoma.

Rates suggested.—Thirty-five cents per barrel on crude oil; 25 cents per barrel on fuel oil.

Remarks.—The witness referred to his speech of August 23, 1921, in the Senate, in which he had urged protection for the 21,000 independent refiners of petroleum by the enactment of a duty on crude oil. Such action would prevent monopolistic interests from dumping quantities of Mexican oil on the market to break the independent producers and then buying out the latter at low prices.

(Note.—These 18 pages are largely taken up by a controversy between the witness and Mr. Herbert G. Wylie, representing the Pan-American Petroleum & Transport Co. The contribution of the former is a reprint of the speech referred to above, discussing at length the steps taken by other countries in this field and criticizing the actions of persons connected with the Pan-American Co.)

Mr. Wylie's contribution, in reply to the speech, defends the action of oil companies alleged by Senator Harreld to be un-American in character.)

Hearings: Pages 4594-4648.

Witness: Mr. Harry M. Smith, secretary the Mid-Continent Oil & Gas Association.

Costs and selling prices.—The present average cost of producing Mid-Continent oil is about \$1.40 to \$1.50 per barrel, compared with

\$1.75 in the spring of 1921. The present selling price is \$2 per barrel, compared with a low price of 90 cents to \$1 in June and July, 1921. Mexican crude, best grade, costs about 65 cents per barrel (including Mexican export tax) at Gulf ports, and sells for about \$1; but the best grade Mexican oil contains not over 10 per cent gasoline, whereas Mid-Continent oil contains 30 to 40 per cent. By dumping large quantities of Mexican oil on the American market, violent fluctuations in the price of the domestic product are produced, resulting in the selling of the latter below cost.

Size of industry.—The domestic petroleum industry has a capital investment of \$3,000,000,000 and employs over 1,000,000 workers. The 1920 production of crude oil was 443,402,600 barrels. This fills domestic consumption needs and half of the exports.

Rates suggested.—A rate of \$1 per barrel on crude oil.

Remarks.—Protection is desired as a conservation measure. A flood of foreign oil would cause a shutdown of those wells producing only 3 or 4 barrels per day, aggregating 40 per cent of the domestic production, with the result of an irrecoverable loss of the output of these wells.

A countervailing duty has also been suggested, which, as pointed out by the witness, would prevent the levying of exorbitant export duties by foreign countries. Without a protective duty the independent domestic industry is placed at the mercy of large and controlling refining interests.

Importations of crude oil from Mexico were 106,175,000 barrels in 1920, or over 100 per cent increase compared with 1919.

Hearings: Pages 4648-4667.

Witness: Mr. W. H. Gray, representing the Oklahoma Oil Men's Protective Association.

Rates suggested.—A countervailing duty equal to the export and import tariffs levied by foreign countries exporting and importing petroleum to and from the United States. On crude gasoline, 1½ cents per gallon; on refined gasoline, one-half cent per gallon.

Remarks.—Mexico levies an import duty of \$3 per barrel on fuel oil. This results in loss of business to domestic refiners, who are on that account unable to compete in the fuel-oil market in Mexico.

Witness: The Okmulgee District Oil and Gas Association, Okmulgee, Okla. (Brief; no appearance at hearings.)

Remarks.—It is contended that Standard Oil companies, by flooding the country with Mexican oil, have so reduced prices that they have been enabled either to buy out, at low figures, producing properties developed by independent capital, or to force them out of business altogether.

Hearings: Page 4711.

Witness: Mr. J. R. Draney, representing the Asphalt Association, New York City.

Size of industry.—Over 68,000,000 square yards of asphalt type pavement will be laid in cities and on country highways of the United States in 1921. Nearly 60 per cent of the asphalt used in this country is derived from Mexican crude oil, besides a tremendous volume of liquid Mexican asphalt for treating macadam, dirt, and gravel roads. It is estimated that the aggregate tax on road building, if the duty

on oil becomes effective, would be \$2,500,000 a year for asphalt used from Mexico.

Rates suggested.—Crude oil to be retained on the free list.

Remarks.—It is conceded on every hand that the United States road-building policy should be vigorously pushed. Congress, in the last six years, has appropriated many millions of dollars for road building under the Federal highway system. The States are spending millions; the counties, cities, and towns throughout the country are all spending money on roads and streets.

Hearings: Pages 4672-4679.

Witness: Mr. Stephen Fleming, representing the phosphate miners of Florida.

Size of industry.—The companies represented by this association normally consume from 3,000,000 to 3,285,000 barrels of Mexican fuel oil, which is used in preference to domestic oil because of a saving of \$2.50 per barrel, chiefly in the matter of freight. The American refineries were said to have refused to make bids to Mr. Fleming's fertilizer company, because high freight rates prevented competition with Mexican oil.

Rates suggested.—Free list.

Remarks.—The witness filed a brief (pp. 4679-4681) of Mr. C. H. McDowell, president National Fertilizer Association. The association regards with apprehension the announced purpose of representatives of certain oil-producing companies to urge a tariff on imports of crude oil. Such a step would, it is urged, greatly increase the cost of fertilizer while bringing no corresponding benefits to domestic oil producers.

Hearings: Pages 4695-4697.

Witness: Mr. M. O. Eldridge, representing the American Automobile Association, Washington, D. C.

Rates suggested.—Free list.

Remarks.—The production of automobiles has increased more rapidly than the production of gasoline. In a few years it will therefore be necessary to purchase immense quantities of foreign oil. The users of the automobile, truck, tractor, and gasoline stationary engine, now vital and necessary in everyday life, would have to bear additional costs if a tax were placed on imported petroleum.

Sixty per cent of the asphalts used in the United States for road building and roofing purposes is imported from Mexico. A tariff in this connection would not be protective, as there are no native asphalts of the kind imported produced in this country, and there is no known source of supply.

Hearings: Pages 4681-4693.

Witness: Mr. M. J. Murphy, representing the Island Oil & Transport Co., of New York City.

Suggested rates.—Free list.

Remarks.—Eighty-four per cent of the oil imported to the United States from Mexico in October, 1921, was by American concerns, of which the Island Oil & Transport Co. is one. Of this amount only 18.75 per cent was shipped by the so-called Standard Oil subsidiaries. A tariff on oil will encourage the building of refineries in foreign countries, to the detriment of our refining industry, and to divert imports of fuel oil to the free markets of the world.

The interests of the farmers who own 400,000 tractors and 2,500,000 stationary engines, 8,000,000 owners of automobiles, 46,000,000 consumers of manufactured gas, of the railroads, of our merchant marine, and of the United States Navy are opposed to a tariff on crude oil.

Hearings: Pages 4694-4695.

Witness: Mr. J. W. Spillman, Washington, D. C., representing himself.

Rates suggested.—Free list.

Remarks.—The American farmer, consuming about 1,337,000,000 gallons of gasoline annually, is vitally interested in lower prices and in the ultimate saving for the future of the domestic product; also, the manufacture of numerous products needed by the farmer is dependent upon petroleum. These include medicines, dyes, paints, and varnishes, roofing, road construction, lubricating oils for machinery of all kinds, gaslight, and gas fuel. He is therefore opposed to a tariff on crude oil.

• Hearings: Pages 4697-4705.

Witness: Mr. J. B. Klumpp, representing the American Gas Association, Philadelphia, Pa.

Size of industry.—Petroleum or its products is used in about 65 per cent of all the manufactured gas used in the United States, amounting to 160,000,000,000 cubic feet annually. Over 24,000,000 barrels of oil are thus consumed. The Atlantic seaboard companies use about 60 per cent of this, all delivered by water from fields other than the Mid-Continent.

Rates suggested.—Free list.

Remarks.—A duty of \$1 per barrel on petroleum would increase the price of gas by 12 to 15 cents per thousand cubic feet, or a total of \$25,000,000 yearly. A duty of 35 cents would increase the cost about 5 cents. Coal gas plants require double the capital investment of water gas plants, and their present rate of increase, though rapid, hardly meets the increasing demand for gas.

Hearings: Page 4712.

Witness: Mr. James L. Ackerson, representing the Atlantic Coast Shipbuilding Association, Philadelphia, Pa.

Size of industry.—Seventeen hundred vessels, flying the United States flag, or 62 per cent of the United States merchant marine, are oil burning and burn annually 40,000,000 gallons of oil.

Rates suggested.—Free list.

Remarks.—A tax of 25 cents per barrel would mean about \$10,000,000 extra cost; a standard 10,000-ton ship, burning about 215 barrels per day, would cost \$52 more to operate daily. A large liner would cost \$10,000 more to operate on one Atlantic round trip.

Hearings: Pages 4679-4681.

Witness: Mr. C. H. MacDowell, representing the National Fertilizer Association. (Brief.)

The brief expresses the apprehension with which the association regards the announced purpose of certain oil-producing companies to urge a tariff duty on imports of crude oil. The association believes industry in general to be in no position to take on unnecessary addi-

tional taxation. To the fertilizer industry in particular, struggling as it is out of a period of unparalleled depression, the burden of a tariff duty on oil would be disturbing and discouraging.

Many of the large plants on the Atlantic seaboard depend upon Mexican fuel oil for power. Phosphate rock, the principal ingredient of commercial fertilizer, comes mainly from Florida, where all the mines use Mexican crude oil for fuel. The oil consumption of one company, running at full capacity, is stated to be about 35,000 barrels monthly, or at the rate of $1\frac{1}{10}$ barrels for each ton of rock-phosphate rock product. The introduction of fuel oil greatly stimulated the business of Mexican export oil.

Rates suggested.—It is submitted that a tariff duty on crude oil would greatly increase the cost of fertilizers without bringing any corresponding benefits to domestic oil producers. Crude oil should remain on the free list.

Witness: The Headley Good Roads Co., Philadelphia, Pa. (Brief; no appearance at hearings.)

Costs and selling prices.—Immense quantities of Mexican petroleum are used to make asphalt for roads. The proposed duty would increase the cost of highways to the extent of \$2 per ton of asphalt used. The only domestic petroleum suitable for road asphalt is the California, which is not available to eastern markets.

Rates suggested.—Free list.

PARAGRAPH 1627.—FUEL OIL.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING PROPOSED DUTIES:

Mr. Samuel Powell, Providence, R. I., representing certain New England interests.

Mr. D. A. Welch, representing the copper producers of the southwestern district of the United States.

Mr. L. G. Huntley, Lawton, Okla. (Brief.)

The Commonwealth of Massachusetts. (Brief.)

The New Cornelia Copper Co., Calumet, Mich. (Brief.)

Mr. Alfred P. Thom, general counsel of the Association of Railway Executives.

Hearings: Pages 4706-4710.

Witness: Mr. Samuel Powell, representing certain firms, individuals, and associations in New England.

Size of industry.—A duty on crude oil is protested by Mr. Powell in behalf of over 280 firms, individuals, and associations which he represents, using over 200,000,000 gallons of fuel oil annually; they would be obliged to pay higher prices for oil if a duty were imposed.

Rates suggested.—Free list.

Remarks.—The witness submitted a partial list of buildings, covering about 380 structures, in which interests represented by him have installed fuel-oil burning equipment and to which they supply fuel oil.

Hearings: Pages 4713-4715.

Witness: Mr. D. A. Welch, representing the copper producers of the southwestern district of the United States.

Size of industry.—The copper producers of the southwestern district of the United States produce normally 800,000,000 pounds of

copper per year, and employ 33,000 men. They consume 4,500,000 barrels of oil per year. At present the industry is closed down. While labor and materials are still high, copper sells at present for nearly prewar prices.

Rates suggested.—Free list. No tariff on copper is desired.

Remarks.—The proposed tax on crude oil would increase the cost \$1,250,000 per year to the copper industry in the Southwest. Copper refined by using oil as a fuel is superior to that obtained by using coal. All of the southwestern copper for export is refined on the Atlantic seaboard, where fuel oil is used as a fuel in refining, and in generating power.

Witness: Mr. L. G. Huntley, Lawton, Okla. (Brief; no appearance at hearings.)

Costs and selling prices.—It is quite possible to operate profitably small pumping wells at 60 cents per barrel; the witness is interested in several such properties.

Rates suggested.—Free list.

Remarks.—The true cause of the agitation for a duty on oil is not the flood of imports of Mexican oil, but the general shutdown of industry and commerce. The low prices for crude oil are primarily the result of lessened consumption, reflected in decreased imports of Mexican oil.

Witness: The Commonwealth of Massachusetts. (Brief; no appearance at hearings.)

Costs and selling prices.—A duty of 25 cents per barrel on fuel oil and 35 cents per barrel on crude mineral oil, as have been suggested, would add \$5,000,000 to the annual fuel bill of New England, which is largely dependent upon outside sources for its supply of fuel.

Rates suggested.—Free list.

Remarks.—A partial list of fuel-oil users in Massachusetts is given. Mexico is the only economical source of fuel oil for New England.

Witness: The New Cornelia Copper Co., Calumet, Mich. (Brief; no appearance at hearings.)

Rates suggested.—Free list.

Remarks.—Practically all of the fuel oil used by the copper companies of the Southwest comes from Mexico. The freight rate increase per heat unit has been greater in the case of coal than in oil, making it more expensive to use the former, which is too expensive in any case, and is not as well adapted as oil for copper smelting.

Hearings: Pages 4667-4672.

Witness: Mr. Alfred P. Thom, general counsel of the Association of Railway Executives.

Size of industry.—The railroads of the United States consumed 55,590,783 barrels of fuel oil in 1920, chiefly in the Southwestern States and California.

Rates suggested.—Free list.

Remarks.—If the price of fuel oil were raised by a tariff on crude oil and the railroads were compelled to rely on domestic supplies, they would soon have to discontinue the use of oil as a fuel, owing to the excessive price. This would compel the railroads to revert to

coal, at a tremendous increase in operating expenses for hauling coal long distances, and great expense in changing oil burners back to coal burners. Experience has shown that Mid-Continent producers could not be relied upon as a constant source of available fuel on long-term contracts. About half the present railroad fuel-oil consumption is Mexican.

PARAGRAPH 1627.—CRUDE PETROLEUM OIL, AND PARAGRAPH 1603.—
ASPHALT.

WITNESS, AND INTEREST REPRESENTED.

FAVORING LOWER DUTIES:

Mr. Herbert Abraham, representing the Prepared Roofing Association, of New York City.

Hearings: Pages 4633-34.

Size of industry.—This industry is carried on in 48 factories in the United States, the production of which represents 70 per cent of all types of roofs used in this country. In 1920, 2,837,500,000 square feet of asphalt roofing and shingles were manufactured. For these, asphalt derived from Mexican petroleum is the most suitable, 484,000 tons having been used in 1920. A tax of 35 cents per barrel on crude oil would increase the cost about \$1,685,000 annually, at a time when a revival of the building program is of prime importance to relieve unemployment and reduce high rentals.

Rates suggested.—Free list.

PARAGRAPH 1635.—MURIATE OF POTASH, SULPHATE OF POTASH, AND
KAINITE.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING HIGHER DUTIES:

Mr. Wilbur La Roe, jr., representing the United States Potash Producers' Association.

FAVORING PROPOSED DUTIES:

Mr. J. D. Cameron Bradley, representing the American Agricultural & Chemical Co.

Mr. S. D. Crenshaw, representing the National Fertilizer Association.

Mr. M. A. Huston, manager Soil and Crop Service of the Potash Syndicate, New York City.

Mr. Walter L. Minch, president Minch Bros., Bridgeton, N. J.

Hon. John S. Benham, Member of Congress from Indiana.

Dr. Frank App, representing the New Jersey Federation of County Boards of Agriculture and the New Jersey State Grange.

Mr. Charles McCarthy, Honolulu, Hawaii.

Mr. T. C. Atkeson, representing the National Grange. (Brief.)

The Baugh Chemical companies. (Joint brief.)

Hearings: Pages 4757-4792.

Witness: Mr. Wilbur La Roe, jr., representing the United States Potash Producers' Association.

Costs and selling prices.—American potash producers are now able to produce at a cost of \$1 to \$1.10 per unit of K_2O . The selling prices of the German Potash Syndicate to the 34 American fertilizer companies is 64 cents per unit of potash. Therefore the proposed duty of 50 cents per unit of K_2O would be sufficient protection. The highest freight rate that can be figured—California to the At-

lantic seaboard—is 30 cents per unit of potash instead of 50 cents, as previously brought out.

Size of industry.—In Searles Lake, Calif., and in Wyoming, there are 30,000,000 tons of potash—enough to supply the demand of the United States for a number of years at the pre-war rate of consumption. There are also thousands of lakes in Nebraska, only a few of which have been developed. The American producers can easily make 100,000 tons of pure potash per year. California potash salts are mostly 60 per cent potash as compared with 50 per cent of the highest grade German salts, and 12 to 15 per cent of lower grade German salts which fill the bulk of fertilizer requirements. The Nebraska salts are about 30 per cent K_2O , which would figure at the higher freight rate to the Atlantic seaboard per unit of potash, but markets are to be found in adjoining States.

Rates suggested.—A sliding scale for five years, beginning with $2\frac{1}{2}$ cents per pound (actual potash content).

Remarks.—The statement is made that the Virginia-Carolina Chemical Co.—one of the 34 concerns which contracted to buy German potash—is a stockholder in two German chemical companies. These 34 concerns consume upward of 60 per cent of the potash used in this country. The remaining 25 per cent of their potash requirements for 1922 has been contracted for with the Alsatian Potash Syndicate, contract with which is given (pp. 4682-4691). The cost to the American farmer under the proposed tariff would be 2 cents per bushel in the case of potatoes and 25 cents per acre in the case of cotton.

Hearings: Pages 4716-4725.

Witness: Mr. J. D. Cameron Bradley, representing the American Agricultural Chemical Co.

Costs and selling prices.—The present German and French price of muriate of potash is 85 cents per unit of K_2O , and of 20 per cent potash salts 70 cents per unit of K_2O .

Size of industry.—The witness estimates that between one-fifth and one-sixth of this country's consumption of potash is produced in the United States.

Comparability.—Prior to the war some potash was obtained from Utah, some from Nebraska, and some from southern California. The amounts were small—in percentage practically none. Potash produced from the Nebraska lakes is low grade and inferior in quality to the German article, either for direct application or for use in mixed fertilizers. The California product contains a certain amount of borax, deleterious to plant life, and the witness's company is unwilling to risk its use. In reply to a question, the witness agreed that one-ninth or one-tenth of the potash manufactured in this country is as good as the German potash, with the reservation that "the Americans have not made as high a grade of potash, which is what is desired."

Rates suggested.—That potash for fertilizer purposes remain on the free list.

Hearings: Pages 4725-4743.

Witness: Mr. S. D. Crenshaw, representing the National Fertilizer Association.

Costs and selling prices.—During the war American potash sold for as high as \$4.50 per unit of K_2O , or six to seven times the pre-war price of German potash, and in none of those years was more than 54,000 tons of pure potash produced. There is no reason to believe that five years of protection would enable domestic producers to approach pre-war prices, quantity, and quality. Freight rates on American potash average 40 to 50 cents per unit to consuming points.

Rates suggested.—Free list.

Remarks.—The American farmer should not be taxed a sum estimated at about \$54,000,000 to nurse a war-time business to self-support. Certain forms of potash much used and desired in the United States can not be produced here. The high borax content of certain American potashes causes damage to the crops on which they are used. The contract between the German Potash Syndicate and 34 American fertilizer companies is given in full. The witness deprecates the belief in the low value of the German mark as the cause of present potash prices. Many years ago, with normal exchange, a contract was made for German potash at about 30 per cent below present prices.

Hearings: Pages 4752–4757.

Witness: Mr. H. A. Huston, manager of Soil and Crop Service of the Potash Syndicate, New York City.

Rates suggested.—Free list.

Remarks.—Testimony is presented contrary to that given before the Ways and Means Committee by Mr. H. W. Smith and Mr. W. La Roe regarding the effects of a tariff on agricultural potash. The tariff would mean a direct tax of 62½ cents on a 200-pound bag of kainite and \$2 50 on a 200-pound bag of muriate or sulphate of potash.

Hearings: Pages 4744–4747.

Witness: Mr. Walter L. Minch, president Minch Bros., Bridge-ton, N. J.

Rates suggested.—Free list.

Remarks.—During the war-time potash shortage, the New Jersey farmer was barely able to pay his bills, because the limited amount of potash which he could obtain would not grow sufficiently large crops. The low per cent of potash used decreased the fertility of the fields. A duty on potash would materially increase the farmers' expenses for fertilizers.

Hearings: Pages 4747–4750.

Witness: Hon. John S. Benham, Member of Congress from the State of Indiana.

Rates suggested.—Free list.

Remarks.—Testimony was presented protesting against the increased costs which the farmer would have to bear if a duty were levied on potash.

Hearings: Pages 4750–4752.

Witness: Dr. Frank App, representing the New Jersey Federation of County Boards of Agriculture and the New Jersey State Grange.

The witness entered into the cost to the individual farmer of the potash tariff, H. R. 7456, paragraph 1635. The cost to New Jersey, a small State consuming about 160,000 tons of fertilizers of 4 per cent

potash, would be \$320,000, or about \$11 per farm as an average. Using 8 per cent goods, as is now largely the case, the cost would be doubled. The typical New Jersey potato grower, producing about 40 acres of potatoes, would be charged, on a 6 per cent potash basis, \$120 to support the proposed tariff. At 8 per cent, used by most farmers, it would mean \$160 per farm, equivalent to 2 cents a bushel. Tomato and sweet-potato growers would be similarly affected.

Rates suggested.—Free list.

Hearings: Pages 4792–4793.

Witness: Mr. Charles McCarthy, Honolulu, Hawaii.

In connection with proposals for placing a duty on fertilizers, the witness laid stress upon Hawaii being an agricultural country, producing sugar under abnormal conditions, the product being sold below actual cost. In these circumstances the inhabitants would suffer greatly if they had to pay an increased price for fertilizer, which it is found necessary to use even on virgin soil.

The witness filed a telegram from the Hawaiian Fertilizer Co. (Ltd.) and the Pacific Guano & Fertilizer Co., protesting against duties on fertilizer materials as detrimental to agriculture. Such duties, it is added, are not needed to encourage production, as supplies exceed demand.

Rates suggested.—Free list.

Hearings: Pages 4793–4794.

Witness: Mr. T. C. Atkeson, representing the National Grange. (Brief.)

The brief maintains that all forms of potash used chiefly as fertilizers should be admitted to the United States free of duty. The need of fertilizers has greatly increased in recent years, and large quantities of potash are required. Imports of this product have risen to 250,000 tons per year, 90 per cent going to farmers. The brief specifically objects to the provision in H. R. 7456 deferring the duty-free entrance of potash for five years; it has been estimated that apart from the possibly reduced use of potash—in itself a calamity—the cost to farmers of this provision during that period would approximate \$40,000,000.

As regards the possibility of developing, through the duty, a domestic supply of potash adequate to the country's needs, the industry should be promoted in some other way than by taxing farmers \$50,000,000—the excess cost over the foreign supply—in order to make the potash industry a gift of \$10,000,000. Whatever else is done, American agriculture should not be penalized.

Rates suggested.—Free list.

Witnesses: Baugh & Sons Co., Philadelphia, Pa.; the Baugh & Sons Co., Baltimore, Md.; the Baugh Chemical Co., Baltimore, Md. (Joint brief; no appearance at hearings.)

Rates suggested.—Free list.

Remarks.—Domestic potash production falls from 50 to 75 per cent short of filling domestic requirements. The proposed duty would place, for five years, an average annual burden of \$7,600,000 on the consumer. The financial condition of the farmer is not strong enough to enable him to carry the additional burden, and he would consequently buy less potash.

PARAGRAPHS 1636 AND 1654.—POTASSIUM AND SODIUM CYANIDES.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING HIGHER DUTIES:

Mr. P. Samuel Rigney, representing the Roessler & Hasslacher Chemical Co., New York City. (See also under paragraph 1654.)

Mr. Alfred W. Gray, representing the Chamber of Commerce of the City of Niagara Falls.

FAVORING PROPOSED DUTIES:

Hon. Thomas Sterling, United States Senator from South Dakota.

The Homestake Mining Co., Lead, S. Dak. (Brief.)

Mr. J. O. Hammitt, representing the American Cyanamid Co.

Hon. Tasker L. Oddie, United States Senator from Nevada.

The 64 pages covered by the testimony, briefs, and rebuttals of the foregoing witnesses are largely devoted to controversy between some of the parties. Thus, Mr. Rigney disclaims any German affiliation as regards the Roessler & Hasslacher Chemical Co., and Senator Sterling describes the American Cyanimid Co., whose plant is in Canada, as being made up of Americans or officered by American citizens. The Roessler & Hasslacher Co. contends that it has no monopoly of the manufacture of cyanide in the United States, all patents having long since expired. On the other hand, the American Cyanamid Co. maintains that the monopoly is perpetuated by the circumstance that the Roessler & Hasslacher Co. is and always has been the only manufacturer of cyanide in this country.

Stress is laid, by various testifying interests, upon the extended uses to which cyanide can be applied, these including new methods in electroplating, the heat treating of steel, the dye and color industry, horticulture, and the eradication of rats and other vermin.

The testimony in behalf of the Chamber of Commerce of the City of Niagara Falls points to the endeavor being made "to save that great electrochemical city from what you might say would be ruination by free trade in chemicals." The chemical industry of that city is stated to be absolutely dependent upon protection for its success. On the other hand, the brief of the American Cyanamid Co. asserts that the purpose of the proposed tariff on cyanide is to exclude that company from the American market and restore the former oppressive monopoly.

Among other statements made, Senator Sterling figured that the duty of 33½ per cent on sodium cyanide, proposed by Mr. Rigney, would increase the cost of production of gold by the cyanide process by about 1.6 cents per ton, or about \$25,000 per year in the case of the Homestake Co.; the amount of cyanide used per ton in refining gold is two-tenths of a pound.

The testimony includes many figures, tables, etc., bearing upon sources of supply, production costs and selling prices, volume of manufacture and other features. Some details of the testimony follow.

Hearings: Pages 4794-4803, 4837-4852.

Witness: Mr. Samuel Rigney, assistant treasurer, the Roessler & Hasslacher Chemical Co., New York City.

Rates suggested.—Thirty-three and one-third per cent ad valorem.

Remarks.—Further testimony is given regarding the business methods of the Roessler & Hasslacher company. It is stated that the company is importing cyanide and selling sodium cyanide at a cost of about 6 cents per pound below the cost of production in their Niagara Falls plant, this being done in order to retain customers until large-scale production may be resumed. This concern has imported within the last year about 5,000,000 pounds of cyanide.

Hearings: Pages 4835–4837.

Witness: Mr. Alfred W. Gray, representing the Chamber of Commerce of Niagara Falls, N. Y.

Rates suggested.—Thirty-three and one third per cent ad valorem.

Remarks.—Mr. Gray's testimony takes up the question of protecting the electrochemical industries at Niagara Falls. It was stated that many of these would be forced to shut down if a duty were not levied on electrochemical products, because electric power costs only one-half as much on the Canadian side of the Falls as on the American side. In addition, the Canadian companies have a right to two-thirds of all available water power.

Hearings: Pages 4803–4809; 4852–4856.

Witness: Hon. Thomas Sterling, Senator from South Dakota.

Costs and selling prices.—The proposed duty of 33½ per cent on sodium cyanide would increase the cost of production of gold by the cyanide process by about 1.6 cents per ton, or about \$25,000 per year, in the case of the Homestake Mining Co., South Dakota. The amount of cyanide used per ton in refining gold is two-tenths of a pound. The price of cyanide was 14.5 cents per pound in 1913, reached a maximum of 30 cents per pound for large amounts in 1918, and has since declined to less than 21½ cents per pound.

Rates suggested.—Free list.

Remarks.—The testimony as presented tended to show that the Roessler & Hasslacher Co. has a monopoly in the United States of the production of sodium cyanide and that a duty on this commodity would encourage such monopoly to the exclusion of cyanide made by the American Cyanamid Co. at Niagara Falls, Canada. The latter company is an American concern and has now offered cyanamid at a price lower than the Roessler & Hasslacher Co., which it could not do were there a duty.

Hearings: Pages 4817–4830.

Witness: Mr. J. O. Hammitt, representing the American Cyanamid Co., Niagara Falls, Canada.

Rates suggested.—Free list.

Remarks.—Witness's testimony takes up in detail the methods of business of the Roessler & Hasslacher Chemical Co., their German affiliations, and the history of its seizure by the Alien Property Custodian. It is stated that the sodium cyanide market of the world is controlled by this concern and the British Cassel Co., so that smaller amounts are sold at higher profits rather than larger amounts in open competition. At present the American Cyanamid Co. is very largely closed down. From 10 to 12 per cent of the crude cyanamid produced by them is used in the manufacture of sodium cyanide.

PARAGRAPH 1643.—RICE.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING HIGHER DUTIES:

Mr. E. A. Eignus, representing the Pacific Rice Growers' Association of California and the American Rice Growers' Association of Louisiana, Texas, and Arkansas; address, Sacramento, Calif.

Hon. Edwin S. Broussard, United States Senator from Louisiana, and Hon. Samuel M. Shortridge, United States Senator from California. (Joint brief.)

The American Rice Growers' Association. (Brief.)

Hearings: Pages 4858-4864.

Witness: Mr. E. A. Eignus (as above).

Rates suggested.—The free-list provision for rice used in the canning industry should be dropped, as it might open up the possibility of free importation of rice for many purposes. Cannerymen can use domestic rice in their soups equally as well as foreign.

Witnesses: The Hon. Edwin S. Broussard, United States Senator from Louisiana, and Hon. Samuel M. Shortridge, United States Senator from California. (Joint brief of September 2, 1921; no appearance at hearings.)

Rates suggested.—The provision for the free importation of rice for canned foods should be dropped.

Remarks.—The proposed provision for free rice for canning concerns only the Campbell soup people. It will benefit them only to the extent of one-half cent per case of three dozen cans, an amount not sufficient to jeopardize the American rice industry. Such a provision would open the door to fraud in the importation of rice.

It is conceded that the rice industry must be protected against cheap foreign labor or perish. As all rice is food, why should there be an exception in the case of canned foods?

NOTE.—In a brief of September 14, 1921, Senator Broussard transmits a copy of an amendment to paragraph 728, introduced by Senator Shortridge, suggesting the following changes:

On page 89, line 24, strike out the semicolon after the word "pound" and insert a period. Strike out the words "all the foregoing not specially provided for." On page 195, strike out paragraph 1643.

Witness: The American Rice Growers' Association, including the Pacific Rice Growers' Association, on behalf of the rice farmers of the United States. (Brief; no appearance at hearings.)

Comparability.—Rice growers claim that the rices now grown in the United States are just as satisfactory as imported Patna rice.

Rates suggested.—"Rice used for canning purposes" (now free) should be dutiable at 2 cents per pound.

Remarks.—The association maintains that rices now grown in America are satisfactory for use in canned foods; if not, other rices can be grown to meet the needs of canned-food manufacturers. Permitting this grade of rice to come in free leaves a loophole through which considerable oriental rice can be brought into the United States.

PARAGRAPH 1644.—SAGO AND SAGO FLOUR.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING HIGHER DUTIES:

Mr. W. Parker Jones (statement and brief), representing the American Manufacturers' Association of Products from Corn.

Hearings: Pages 1337-1340 of Schedule 1.

Rates suggested.—All starches to carry the same rate of duty, which should not be less than $1\frac{1}{2}$ cents per pound. The following is suggested in place of paragraph 80 (Starches):

Starch, including all preparations from whatever substance produced fit for use as starch, including sago flour and tapioca flour, $1\frac{1}{2}$ cents per pound.

To remove any possible doubt as to the intent, the words "sago flour" and "tapioca flour" should be eliminated from the two paragraphs in the free list.

PARAGRAPH 1653.—KID LEATHER.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING PROPOSED DUTY AND RECLASSIFICATION:

Mr. Laird H. Simons, representing kid-leather tanners of the United States.

Size of industry.—Prior to about 1889 the kid-leather trade in the United States was of insignificant proportions, the American market being dominated by French kid, selling at 50 cents to \$1.50 per foot. The introduction of the American chrome tannage process in 1889, aided by the McKinley, Wilson, Dingley, and Payne-Aldrich Tariff Acts, had the effect of reducing the price of American-tanned kid to less than one-third of the former price of French kid.

Comparability.—The few months' operation of the Underwood tariff before the outbreak of the war demonstrated the ability of German and French tanners to compete in the American market against unprotected finished leather.

Rates suggested.—Free raw material is essential, as provided in paragraph 1653, but kid leather made from goat, kid, and kangaroo skins should be taken from the free list (par. 1600) and specially dealt with by including it with chamois and other leather in paragraph 1431 at 20 per cent ad valorem.

Remarks.—Attention is directed to the subtle effort to divert this business from American to British firms by means of the export and rebate terms of the Indian tariff, in effect September 11, 1919.

PARAGRAPH 1654.—CYANIDES.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING HIGHER DUTIES.

Mr. P. Samuel Rigney, representing the Roessler & Hasslacher Chemical Co., New York City.

FAVORING PROPOSED DUTIES:

The Tom Reed Gold Mines Co., Oatman, Ariz. (Brief.)

Hearings: Pages 4837-4857.

Witness: Mr. P. Samuel Rigney.

Costs and selling prices.—The
to 23 cents per pound; smaller

carload lots is $21\frac{1}{2}$
a correspondingly

high price. A table submitted shows, for 1914 and 1920, the volume and price of sales to one of the largest consumers of cyanide in the mining industry.

Size of industry.—Prior to 1914 the company produced approximately 10,000,000 pounds annually and about 9,000,000 pounds were imported from Germany. Domestic plants increased during the war to an output of more than 17,000,000 pounds per annum, thus meeting all requirements of the United States.

Comparability.—Domestic cyanide is sold under a guarantee of 96 to 98 per cent sodium cyanide, while that from Canada has from 40 to 46 per cent and is sold at a lower rate.

Rates suggested.—All cyanide salts to be grouped under a separate paragraph at 33½ per cent, or a specific duty of 6 cents per pound.

Remarks.—Would add tariff duty in the following way: Average domestic pre-war price, 21 cents; German pre-war price, 14.3, a difference of little less than 7 cents. It was pointed out that the principal raw materials for the manufacture of sodium cyanide are dutiable. For example, the duty on caustic soda, of which 1 pound is required to make a pound of sodium cyanide, is one-half cent per pound; anhydrous ammonia, of which one-half pound is required for 1 pound of sodium cyanide, is dutiable at 2½ cents per pound.

NOTE.—The above supplements the witness's previous testimony on paragraphs 1636 and 1654.

Witness: The Tom Reed Gold Mines Co. (Brief; no appearance at hearings.)

Costs and selling prices.—For two years this concern has been buying cyanide (41 per cent sodium cyanide) from the Canadian plant of the American Cyanamid Co., after having previously paid much higher prices for cyanides made in the United States. The proposed duty would prevent the importation of these cyanides from Canada. As the price of gold is fixed at \$20.67 per ounce, the gold-mining industry is now laboring under the handicap of increased costs of labor and raw materials, at no increase in selling price.

Rates suggested.—Free list.

PARAGRAPH 1659.—NEWSPRINT PAPER.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING HIGHER DUTIES:

Mr. W. E. Haskell, representing the newspaper print manufacturers of the United States and the International Paper Co., New York City.

Mr. William J. Pape, representing the Watertown Republican, Watertown, Conn., and the Publishers' Buying Corporation, Washington, D. C.

Mr. Emory Thomason, representing the American Newspaper Publishers' Association.

Mr. S. Edward Launer, representing the International Brotherhood of Pulp, Sulphite, and Paper Mill Workers, Fort Edward, N. Y.

Mr. Timothy Healy, representing the International Brotherhood of Firemen.

Hearings: Pages 4866-4878.

Witness: Mr. W. E. Haskell, representing the newspaper print manufacturers of the United States and the International Paper Co.

Size of industry.—The total amount of print papers consumed in the United States is 2,000,000 tons annually; of this amount about

680,000 tons are imported from Canada, and up to December, 1921, about 10,000 tons from abroad.

Comparability.—Newspaper print, on the free list since the passage of the Underwood bill in 1913, is the only grade of paper which has been stripped of every vestige of protection. The industry has been forced to compete, defenseless, with the lower cost production of Canadian mills, which sell over 80 per cent of their product in American markets, enjoying the advantage of the exchange, amounting in itself to a profitable bonus above the selling price. Owing to a depreciated currency and an unnatural and debased rate of exchange, together with a wage scale only a fraction of that prevailing in the United States, the newsprint manufacturers of Finland, Norway, Sweden, and Germany are selling their paper in America, in increasing quantities, at prices much below the actual manufacturing cost in American mills. Germany, with the largest available export production, possesses added advantages in direct and indirect Government subventions. The general policy of these countries seems to be to keep quotations on newsprint just below the selling price in the United States, Germany has recently quoted far below the cost of manufacturing in the most efficient American mills.

Rates suggested.—Newsprint manufacturers of the United States ask a provision that will protect them from competition both demoralizing and ruinous to their industry. They ask for a duty that will equalize costs and selling prices.

Remarks.—Short-sighted legislation robbed the important American newsprint industry of its possible expansion and handed it as a free gift, of enormous value, to a foreign country. The manufacture by America of the additional 680,000 tons of newsprint imported from Canadian mills in 1920 would have given employment to 28,700 workmen in the United States, distributed \$20,000,000 in wages, aided the railroads by the freight receipts on nearly 2,700,000 tons of raw material, and contributed substantial taxes to the Government. That was the size of the free gift to Canada at the expense of this industry. From 1910 to 1920, the production of newsprint in Canada increased from 161,000 tons to 883,000 tons, or over 540 per cent. Exports to the United States grew from about 25,000 tons in the year 1910 to 680,000 tons in 1920, an increase of over 2,700 per cent. Canada experienced this prosperous expansion of her newspaper print industry by grace of press-influenced American legislation. At the same time, the industry of the United States, which, with a minimum of congressional aid and consideration and a continuance of its statutory rights in Canadian reserve crownland pulp wood, could have developed capacity to meet the steadily growing demand of home consumers, was forced to halt its progress. With the exception of one small mill built by a newspaper company, only one integrated newsprint plant has been constructed in the United States since 1909. The witness contrasted the growth of the paper industry, paying duties, with the newsprint industry, which is on the free list.

Hearings: Pages 4878-4895.

Witness: Mr. William J. Pape, representing the Waterbury Republican, Waterbury, Conn., the Publishers' Buying Corporation, Washington, D. C., and other associations.

Costs and selling prices.—The average American price of newsprint in 1913–1915, and even until the first part of 1915, was \$36 to \$38 per ton. The contract price now (December, 1921) being paid by the witness is \$80 per ton. The price at the end of the war was \$72 per ton. In the first quarter of 1920 it was \$90; second quarter, \$100; third quarter, \$130 per ton. Country newspapers, very small users, have been unable to make contracts with the mills and have been obliged to buy through brokers and jobbers, paying as high as 22 cents per pound for individual lots. It is practically impossible to-day (December, 1921) to buy at less than 15 or 16 cents per pound.

Comparability.—A cablegram from Norway quotes the price of newsprint for the last six months of 1921 at $3\frac{1}{2}$ cents per pound, or about \$5 per ton below the contract price for the next quarter; in December, 1921, the American price was \$80 per ton. The witness interviewed Mr. Seaman, of the Seaman Paper Co., who stated that the large tonnage of newsprint dumped into this market from Scandinavia, Finland, and Germany did most assuredly play an important part in the depression of the newsprint market. This foreign paper did not seriously affect the book market, in which quick delivery is essential. Foreigners can not compete with American mills in the book market and never will be able to do so. A comparative table, showing imports of European newsprint for 20 months beginning February 20, 1921, appears on page 4895.

Rates suggested.—The interests represented desire newsprint to be placed on the free list. "Free print paper saves the situation for us and saves our lives, and we want it continued."

Remarks.—A large proportion of the capital in Canadian newsprint mills, built during the last ten years, is American. Canada, having the wood and the water, of course took advantage of the fact and tied up the wood that would otherwise have come to American mills. There never was any need for overseas newsprint until the price became so high and hundreds of small dailies, and some big ones, were threatened with ruin. Overseas newsprint began to come in in the fall of 1920, because of the alleged scarcity, the rapidly rising price, and the threatened extinction of the newspaper business. It takes on an average $1\frac{1}{3}$ to $1\frac{1}{2}$ cords of pulp wood to produce a ton of newsprint. The average cost of the wood, laid down at the mills in the United States, is about \$20 per cord, but prices vary greatly according to the sections from which it is derived.

Hearings: Pages 4896–4900.

Witness: Mr. Emory Thomason, representing the American Newspaper Publishers' Association, Chicago, Ill.

Costs and selling prices.—In 1920 paper on the so-called stock market reached the price of \$280 and even \$300 a ton without any corresponding increase in production costs, the price being a purely competitive paper price.

Size of industry.—The association represents about 550 newspapers, whose annual expenditures for newsprint are about \$200,000,000, and who consume approximately 80 per cent of the newsprint used in the United States. The American consumption of newsprint was 2,150,000 tons, of which American mills, operating

at capacity, were able to supply only 1,511,000 tons. The depletion of raw materials in America has been such that it is now wholly impossible to manufacture here the newsprint for which American papers have created the demand; manufacturers have consequently had to look to Canada for the greater part of their pulp wood. The mills of the United States consumed, in 1917, 5,536,802 cords of spruce wood, of which nearly two-thirds was imported from Canada.

Rates suggested.—The interests represented ask that newsprint be retained on the free list on the purely economic ground that not enough newsprint can be manufactured in America to satisfy the demand.

Remarks.—The wording of paragraph 322 should be changed so that newsprint paper alone shall, as regards importations from Canada, be subject to the suspension of a tariff imposing a duty of \$15 a ton on newsprint. Part of those newspapers which represent an increase in the consumption of newsprint are devoted wholly to advertising, which has been one of the prime factors in the building of American industry as a whole. Regulations and restrictions on exportation have been imposed by Canadian provincial governments upon wood pulp derived from the Crown lands of Canada; licenses to cut, owned by various American companies, specifically state that permission may in any year be restricted or wholly cut off. Such licenses must be renewed from year to year. If the Canadian provincial governments, in endeavoring to have that pulp wood fabricated into pulp, if not into paper, in Canada, have adopted restrictions upon the use of their own natural resources, the Underwood resolution, in its turn, has been adopted in both Houses of Congress, empowering the President to make a reciprocal restriction if he chooses to do so. The witness, as representing the association, urges the elimination of that restricting clause from the House bill free list. He also urges, in connection with the words "standard newsprint paper," forming part of the present House bill, and in order that all newsprint paper may be unquestionably included and that there may be no difference of definition involved hereafter, that the words "rotogravure paper and half-tone papers" be included. This is required because rotogravure and half-tone papers are used very largely in all American newspapers, in the same manner as newsprint paper, being paper only slightly polished and weighing from 2 to 3 pounds per 500 sheets more. Then, again, spruce and fir logs, paragraph 402, when used in, or imported for, the manufacture of newsprint, should be included in the free list.

Hearings: Pages 4900-4904.

Witness: Mr. S. Edward Launer, representing the International Brotherhood of Pulp, Sulphite, and Paper Mill Workers, Fort Edward, N. Y.

Costs and selling prices.—The price of the wood that goes into paper has increased 100 per cent, or from \$10 to \$15 a ton.

Comparability.—The witness called attention to statements that America will be confronted with paper from Germany at \$50 a ton; to the low cost of labor in foreign countries, especially in Germany and Scandinavia; to the advance of exchange in their favor, and to the effects these will have upon American laborers, and their standards of living, in the newsprint industry. He stated that members

of the brotherhood are entirely in accord with manufacturers in their request for adequate protection to American workers in that industry.

Rates suggested.—A tariff on Canadian print paper is not desired, but that would be preferred to the entry of large amounts of foreign paper from German and Scandinavian countries.

Remarks.—In May, 1921, the workers in American paper mills worked on an 8-hour schedule and wages were such as to conform to the good American standard of living. Since that time large reductions, averaging from 10 to 25 per cent, have been put in effect and at the present time workers in the industry are confronted with further reductions. The first reductions were based largely on the cost of living, but although there has been no reduction in the cost of living since that time, the fact that newsprint paper for 1922 is on the market at \$70 a ton indicates that further reductions must be looked for if they are to continue the operation of the mills. A minimum of 40 cents an hour is now (December, 1921) the wage rate in the organized mills. It was 52 cents an hour previous to the reduction. Many American paper mills are located in isolated sections, where living costs are higher; in many cases workers have lived there for years, working only in the mills, and have no other business or trade of any kind. If the operation of these mills is curtailed by the introduction of foreign paper, these people will have to work for a lower and inadequate wage.

Hearings: Pages 4904-4907.

Witness: Mr. Timothy Healy, representing the International Brotherhood of Firemen.

Remarks.—The witness represents the steam-plant men in probably 45 or 50 mills in the United States. The organization is strongly opposed to the importation of foreign paper to this country and in favor of the American workman. If it were a question whether a tariff against European paper should apply also to Canada, the organization would favor that, if necessary. The witness expects wages in the American paper industry to go down to 30 cents an hour in January, 1922. This is below a living wage unless prices are also reduced. As long as paper is selling at \$70 a ton there should be no reduction in wages.

Hearings: Pages 4907-4911.

Witness: Mr. J. Raymond Hoover, representing the Publishers' Buying Corporation. (Brief.)

The brief is framed as a reply to denials of wrongdoing by the newsprint industry in 1920 and 1921. It deprecates the reliance upon "mere statistics," on which these denials are based, and cites utterances of Mr. Dodge, in which it is admitted that "the demand for paper far outruns the possible production in this country." The dependence upon and subservience to paper manufacturers on the part of publishers are noted—the smaller ones being driven from the business by threatened bankruptcy.

The argument of the brief is to the effect that a 5 per cent importation is not capable of forcing American manufacturers to sell their product at an actual loss, and that no need for a tariff on newsprint has been shown to exist.

PARAGRAPH 1663.—PYRITES.

WITNESS, AND INTERESTS REPRESENTED.

FAVORING HIGHER DUTIES:

Mr. A. J. Woodruff, representing the Western Pyrites Corporation, the Ohio Sulphur Co., the Franklin Pyrites Corporation, and other independent producers of pyrites; address, Garrisonville, Va.

FAVORING PROPOSED DUTIES:

Mr. John I. Tierney, representing the National Fertilizer Association.

Mr. C. Wilbur Miller, representing Davidson Chemical Co., Baltimore, Md.

Hearings: Pages 4911-4913.

Witness: Mr. A. J. Woodruff (as above).

Costs and selling prices.—Spain can load its pyrites at the mines, haul it by rail to the seacoast, 125 miles, ship it across the Atlantic Ocean, unload it in the port of New York, and sell its sulphur content for one-half of the freight rate on ore from mines 37 miles south of Washington to New York City. In the Texas and Louisiana fields sulphur is taken from the earth by superheated steam which liquefies the sulphur, so that with every ton of sulphur taken out of the earth there is that much larger cavity to heat. This is shown by a jump in cost from \$5.73 per ton in 1917 to \$10.89 in 1921.

Size of industry.—On the Atlantic coast there is something over \$12,000,000 invested in properties producing pyrites, every one of which is closed to-day. The supply of pyrites is unlimited. Prewar imports amounted to 1,000,000 tons per year, and the largest importation during the war was 500,000 tons. Domestic production prior to the war amounted to about 500,000 tons per year.

Rates suggested.—A duty of \$4 per ton on cuprous, cupriferos, or iron pyrites, now on the free list.

Remarks.—Pyrites is used only in the manufacture of sulphuric acid. Prior to the war, probably 90 per cent of the sulphuric acid was so produced. To-day 70 per cent of the sulphuric acid is produced by the burning of brimstone from the Texas and Louisiana fields. Therefore the price of sulphuric acid to-day is set absolutely by the sulphur producers and not by the pyrites producers. Fifty-two per cent of the sulphuric acid manufactured in the United States goes into commercial fertilizers. As the sulphur of the South to-day sets the price of sulphuric acid, a tariff duty on pyrites would not increase the cost of fertilizer. The importation of Spanish pyrites does not at present affect the price of sulphuric acid in the least, but even small shipments do set the price with which domestic producers of pyrites are forced to compete.

Hearings: Pages 4913-4915.

Witness: Mr. John I. Tierney, representing the National Fertilizer Association.

Rates suggested.—Free list.

Remarks.—The domestic pyrites industry virtually does not exist except where freight rates are favorable, because of the low price of American sulphur. The greater portion of both of these commodities is used in the manufacture of sulphuric acid. Prior to the war about 1,000,000 tons of foreign pyrites were imported annually,

but recently the price of sulphur has declined, so that foreign pyrites can no longer compete except at Atlantic ports and similar favored points.

The tariff on pyrites would actually be prohibitive. Domestic sulphur would be used exclusively in the manufacture of sulphuric acid, while sulphur producers would be tempted to raise their prices in accordance with the duty on pyrites.

Hearings: Pages 4915-4916.

Witness: Mr. C. Wilbur Miller, representing the Davidson Chemical Co., Baltimore, Md.

Rates suggested.—Free list.

Remarks.—The concern represented has an investment of \$3,500,000 in Cuban pyrites property. A duty on pyrites would have the effect of shutting out this import business, which is conducted by Americans with American capital.

PARAGRAPH 1663.—REFINED SULPHUR.

WITNESS, AND INTEREST REPRESENTED.

FAVORING HIGHER DUTIES:

Mr. George F. Thompson, representing the Niagara Sprayer Co., Middleport, N. Y.

Hearings: Pages 4916-4917.

Size of industry.—There are sulphur refineries at Williamsburg, Brooklyn, South Brooklyn, Staten Island, Bayonne, N. J., one at San Francisco, and another in Arkansas, besides the witness's plant. The industry employs many skilled workers at American wages.

Rates suggested.—A duty of \$2 per ton, based upon the difference in wages here and in Sicily.

Remarks.—The witness took occasion to object to a duty on arsenic. His company uses this product as an insecticide and fungicide and thinks it bad policy to put a tax on an article whose total world production is only 20,000 tons.

PARAGRAPH 1666.—TAPIOCA.

WITNESSES.

FAVORING HIGHER DUTIES:

Manufacturers and dealers interested in tapioca dextrines, etc. (Brief.)
The Perkins Glue Co., Lansdale, Pa. (Brief.)

FAVORING PROPOSED DUTIES:

Guggenheim, Strasser & Meyer. (Brief.)

Witnesses: Manufacturers and dealers interested in tapioca dextrines, adhesives, glues, and textile finishings. (Brief; no appearance at hearings.)

Size of industry.—About 100,000,000 pounds are imported annually, one-half of which is used for foodstuffs and the balance for industrial purposes.

Comparability.—It is contended that tapioca is a noncompetitive product, none being grown in this country. Its nearest substitutes are corn and potato starch.

Rates suggested.—Tapioca to remain on the free list.

Remarks.—The brief quotes from the Tariff Commission's survey on Starch and related materials and contends that tapioca does not compete with corn or potato starches, being used for certain special purposes to which the others are not adaptable.

Witness: The Perkins Glue Co., Lansdale, Pa. (Brief; no appearance at hearings.)

Size of industry.—The Perkins Glue Co. has a capital of \$1,500,000 and employs 100 people.

Comparability.—It is contended that tapioca is a noncompetitive product.

Rates suggested.—Free list.

Remarks.—The business depends and was built up on the basis of free tapioca, the preferred raw material used in the manufacture of the company's glue. Imported tapioca flour does not compete with domestic tapioca nor with any other domestic vegetable product, such as corn or potato starch, for the specific purpose for which the company sells it. The revenue derivable from a duty on tapioca flour would be insignificant.

Hearings: Pages 4917-4921.

Witness: Guggenheim, Strasser & Meyer, New York City.

In a brief filed by Mr. Arthur L. Strasser it is argued that tapioca is a food; that its production and importation do not affect the farmer, even as regards cornstarch and potatoes, and that it has been admitted free of duty since 1883. Out of a total average importation of 73,000,000 pounds 46 per cent was used for food purposes.

As regards the competition of tapioca with flour, it is shown that tapioca amounts to only twenty-three ten-thousandths of 1 per cent of the United States corn crop. Analogous statements are made in regard to cornstarch and potatoes.

Rates suggested.—The brief represents the imposition of a duty as a reversal of the policy of leaving food supplies untaxed and requests that tapioca be retained on the free list. A duty would result in confusion and demoralization in many industries.

PARAGRAPH 1668.—TEA.

WITNESS, AND INTEREST REPRESENTED.

FAVORING MODIFICATION.

Mr. W. G. W. Melville, representing Ridgways (Inc.), New York City. (Brief.)

Hearings: Page 4917.

The brief aims at a clearing up of doubtful interpretations in regard to the taxation of the original tea chests in which tea is shipped from the country of production. To obviate the possibility of tea, packed in small packages abroad, coming in free of duty, a modification of the wording of the paragraph is submitted, applying only to packages containing less than 5 lb of tea.

PARAGRAPHS 1670 AND 386.—Pig Tin.

WITNESS, AND INTEREST REPRESENTED.

FAVORING HIGHER DUTIES:

Mr. William Loeb, jr., representing the American Smelting & Refining Co.

Hearings: Pages 4921-4926.

Costs and selling prices.—All the tin that is smelted and refined in the United States is produced from Bolivian ores—Bolivian concentrates. Fluctuations in tin prices are both violent and wide. Changes in price, ranging from 5 to 30 cents per pound in the course of a year, constantly occur. This is due to the activity of speculative interests in England and the Far East. In 1914 the highest price was 65 cents, the lowest 28.5 cents, and the average 35.7 cents per pound. In 1919 the highest price was 72.5 cents, the lowest 52.75 cents, and the average 65.54 cents. In 1920 the highest price was 64.75 cents, the lowest 32.5 cents, and the average 50 cents.

Size of industry.—The tin smelting and refining industry in this country draws its supplies almost exclusively from South America, which is the only important producer of tin outside of the sphere of British influence, besides the cutch metal derived from the Dutch East Indies.

Owing to the vagaries of tin prices, tin smelting in the United States is not a profitable enterprise. The first tin smelting and refining plant to be established in this country has involved an investment cost of over \$700,000. It has been operated since March, 1916, and has produced a total of 72,294,000 pounds of refined tin. The result to date has been an operating loss of more than \$1,000,000.

The United States consumption of pig tin amounts to 52,000 tons of imported metal, principally Malay or English tin, and 12,000 tons of pig tin produced from ores imported into the United States, making a total of 64,000 tons.

Comparability.—The tin-smelting industry of Cornwall is centuries old, and the direct labor cost is much less than in the United States. The industry in the Straits Settlements and in the Dutch East Indies is served wholly by coolie labor or its equivalent. The one advantage enjoyed by the United States smelters and refiners in the treatment of Bolivian ores rests on cheaper freights from mine to smelter; but this advantage is wholly insufficient to overcome the cheaper treatment costs of the foreign plants.

No workable deposits of tin ore from which metallic tin could be commercially produced have yet been discovered or developed in the United States. The largest amount of tin ever produced from domestic ores in a single year was 140 tons, in 1916. The necessary raw material for the domestic refined tin production has thus far been obtained almost exclusively from Bolivia in the form of tin concentrates, of which approximately 20,000 tons have been imported into this country annually.

The two largest refineries in the world are located in the Straits Settlements. They refine about 60 per cent of the aggregate production of pig tin.

Rates suggested.—As a measure of protection to the domestic industry a duty on tin only as metal is required, i. e., tin in bars, blocks, pigs, or grain, or granulated, or any other metallic form. A duty

of 3 or 4 cents per pound would probably suffice. No duty is needed on tin ores, as there are probably no tin mines in the United States, and imported ores are needed as raw material for the domestic production. The suggested duty would enable American tin producers (1) to compete on equal terms for tin ores in Bolivia, (2) to encourage a larger Bolivian mine output, with a view to an increased production of domestic refined tin, (3) to enter the Chinese field as a purchaser of tin ores, and (4) would insure permanence to the industry and promote its growth. Tin represents but a small part of the value of the several finished products employing tin in their manufacture.

PARAGRAPH 1670.—TIN ORE.

WITNESSES.

REQUESTING OMISSION:

The N. & G. Taylor Co., manufacturers of tin plate, Philadelphia, Pa. (Brief.)

The Association of Tin Plate Manufacturers, Pittsburgh, Pa. (Brief.)

Witness: The N. & G. Taylor Co. (Brief; no appearance at hearings.)

Rates suggested.—Removal of the proviso in paragraph 1670 of H. R. 7456, which provides for a duty on imports of different forms of tin after domestic production reaches a certain quantity annually. It is characterized as absurd to place a duty on a raw material not produced in the United States in any reasonable quantity—a condition responsible for the company having to import all its pig tin for making tin plate.

Witness: The Association of Tin Plate Manufacturers, Pittsburgh, Pa. (Brief; no appearance at hearings.)

Protest is entered against the provision under which the proposed duty of 4 cents per pound is to be increased to 6 cents when it is shown that the mines of the United States are producing 1,500 tons of cassiterite and bar, block, and pig tin per year. The manufacturers of tin plate are described as being unanimous in the opinion that it is ridiculous to make a heavy duty, 6 cents per pound, contingent only upon the production of 1,500 tons per year, when the consumption of tin in this country is approximately 100,000 tons per year.

PARAGRAPH 1672.—TURPENTINE AND ROSIN.

WITNESS, AND INTEREST REPRESENTED.

FAVORING HIGHER DUTIES:

Mr. Carl F. Speh, representing the Turpentine and Rosin Producers' Association, New Orleans, La.

Hearings: Pages 4927-4931.

Costs and selling prices.—The average market quotation on rosin is about \$4 for 280 pounds, or little more than \$6 per barrel.

Size of industry.—The production of 1909-1914 averaged 520,000 barrels of spirits of turpentine and about 1,750,000 barrels (500 pounds gross weight) of rosin. Produced 85 per cent of the world's output before the war.

Rates suggested.—Twenty-five per cent ad valorem on turpentine and rosin.

Remarks.—Each barrel of 50 gallons of gum turpentine produces $3\frac{1}{3}$ barrels of rosin, or 500 pounds.

PARAGRAPH 1677.—PHONOGRAPH MASTER RECORDS.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED DUTIES:

Mr. Marion Sorian, representing the Columbia Graphophone Manufacturing Co., Bridgeport, Conn. (Brief.)

Hearings: Pages 4932-4933.

Rates suggested.—Retention on the free list, as provided for in paragraph 1677, of disks of soft wax, commonly known as master records, or metal matrices obtained therefrom, to be used in the manufacture of sound records for export purposes. The Treasury Department has ruled that these articles have been manufactured in a foreign country and that they are dutiable as manufactures of wax. (Paragraph 267, act of 1913.)

Remarks.—Neither the wax master record nor the metal matrix can be used in a commercial way or to produce sound records in commercial quantities. They are merely preliminary steps.

PARAGRAPH 1678.—PERSONAL EFFECTS.

WITNESS.

FAVORING REDUCTION OF EXEMPTION:

The National Association of Merchant Tailors.

Hearings: Page 4934.

The brief is a protest against the proposal in H. R. 7456 to increase the exemption of residents of the United States from \$100 in value, as at present, to \$250 in valuation of articles acquired abroad for personal or household use or as souvenirs or curios.

The proposal is denounced as class legislation in favor of people who can afford to travel to Europe. It is estimated that each of the 222,712 American citizens entering United States ports during the fiscal year ending June 30, 1921, took advantage of the existing provision and it is asked: Why increase the \$22,271,200 value, thus imported, by an additional exemption of \$150?

PARAGRAPH 1683.—LUMBER.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING HIGHER DUTIES:

Mr. Robert B. Allen, representing the West Coast Lumbermen's Association, Seattle, Wash.

The R. T. Jones Lumber Co., North Tonawanda, N. Y. (Brief.)

FAVORING PROPOSED DUTIES:

Mr. E. Bruce Hill, representing the National Retail Lumber Dealers' Association.

Mr. Donald D. Conn, representing the Shevlin, Carpenter & Clarke Co., Minneapolis, Minn., and the Western Pine Manufacturers' Association, Portland, Oreg.

FAVORING PROPOSED DUTIES—Continued.

Mr. Harrison Hatton, representing the Northwestern Lumbermen's Association, Minneapolis, Minn.

Mr. Fred. J. Bruce, representing the New York Lumber Trade Association. The Western Pine Manufacturers' Association. (Brief.)

Brady Bros., Tonawanda, N. Y. (Brief.)

Hearings: Pages 4935-4946.

Witness: Mr. Robert B. Allen, representing the West Coast Lumbermen's Association, Seattle Wash.

Size of industry.—The industry in Oregon and Washington normally employs 105,000 men, and is now operating with about 38 per cent unemployed. If freight rates are reduced in the spring (1922) the industry will move along and furnish ample lumber for the demands of the American trade. The freight rate from Oregon to New York, in December, 1921, was 90 cents per 1,000 shingles, but the water rate was lower. There is no danger of the depletion of timber resources if Congress will enact a practical national-forest policy law. With reforestation the country can have a permanent supply of lumber.

Comparability.—According to official figures, Canada has 898,000,000,000 feet of timber, while the United States has 2,214,000,000,000 feet. Canadian production since 1913 has increased 275 per cent, 80 per cent of the production being sold in the United States. Since the passage of the act of 1913, 200 shingle mills have gone out of business in the States of Oregon and Washington.

Rates suggested.—The interests represented are in favor of paragraph 1683 just as it stands. As the primary reason for asking that this reciprocal arrangement be placed in the hands of the President, they do not understand why an American citizen who has invested his capital abroad should be entitled to preferential treatment as against the American citizen who has invested his capital at home and who finances American pay rolls. In the fiscal year of 1913, which was prior to the effective date of the 1913 tariff act, the Canadians shipped under duty as much as they now ship free, and at much lower prices. In 1913, under the act of 1909, carrying a duty of \$1.25, the Canadians shipped over 1,021,810,000 feet of lumber of an average value of \$17.59. In the fiscal year 1921, under absolute free trade, they shipped over 919,927,000 feet, at an average price of \$42.47. The industry wants a bargaining tariff. The Canadian Northwest is coming back and absolute freedom of competition is desired.

Remarks.—The industry is handicapped by the freight-rate situation in finding markets for the common lumber. A tree is 75 per cent common lumber—a low-value commodity which can not stand high transportation charges. Just now there is great difficulty in moving common lumber, which means selling at the highest possible price what can be sold, in order to meet the pay rolls, and wasting the balance.

Witness: The R. T. Jones Lumber Co., North Tonawanda, N. Y. (Brief; no appearance at hearings.)

Remarks.—Referring to prevalent discussion on the lumber tariff, the brief notes the absence of presentation from the American viewpoint—free rough lumber and a v on dressed lum-

ber, aiming at revenue, the protection of the planing mill industry, and the welfare of the American workman. It is natural that those having interests in Canada should be in favor of free lumber of all kinds, but the American viewpoint is insisted upon. It is urged that the removal of the duty on Canadian lumber some few years ago did not reduce the cost to the consumer while increasing the net returns to the Canadian manufacturer, although a very different result was heralded by the then advocates of free lumber.

Hundreds of thousands of men are employed in the planing mill industry of the Northern States, and a majority of these mills are idle or partially idle at this time. Along with this condition, many planing mills have sprung up within the last 10 years, just across the Canadian border, dressing not only Canadian lumber but American yellow pine.

Hearings: Pages 4946-4949.

Witness: Mr. E. Bruce Hill, representing the National Retail Lumber Dealers' Association.

Costs and selling prices.—The price of lumber in Pittsburgh to-day (December, 1921) is about \$12 a thousand feet higher than in 1912. Lumber that then sold for \$30 is selling to-day at \$42, about half of that increase being due to the advance in freight rates. During 1920 white oak flooring was about \$200 a thousand and is now about \$100. It was somewhere around \$40 in 1912.

Rates suggested.—The interests represented object to a duty of 50 cents per thousand on shingles, and to the reciprocity features, which seem to be retaliation. They want free shingles and lumber. Retailers and consumers are both against any tariff. If Canada should take her tariff off lumber, the American manufacturer would have a wider market for his lumber, which would undoubtedly mean higher prices in this country. If this country should put on a 25 per cent tariff, which the Canadians have now, that would mean \$7 a thousand on lumber on which the price can be raised.

Hearings: Pages 4949-5009.

Witness: Mr. Donald D. Conn, representing the Shevlin, Carpenter & Clarke Co., Minneapolis, Minn., and the Western Pine Manufacturers' Association, Portland, Oreg.

Costs and selling prices.—Tables showing the present difference in mill prices of lumber, and the difference, if the proposed tariff is adopted, as affecting American users will be found on page 4965.

Rates suggested.—A partial list of organizations and firms which have expressed unqualified opposition to any tariff upon lumber, rough or dressed, whether applied as a rigid duty or as a retaliatory measure against Canada, will be found on page 4972. A tariff would upset market conditions. To restrict importation is indirectly to affect the interests of American industries exporting manufactured products to Canada. The elimination of the retaliatory clause under paragraph 1683, and of the 50-cent tariff on shingles, paragraph 408, is requested. Free logs, paragraph 403, and free ties, paragraph 405, are also desired.

Remarks.—In 1920, the wage paid to common labor in the United States lumber industry was \$3.88 per day; in Canada, \$4.82 per day.

The respective wages paid to common labor at the beginning of 1921 were \$2.86 and \$3.37. See table of wages per hour on page 4994. The labor rate varies in different sections. For statement of ranges of values for pine stumpage in Ontario and Minnesota, see page 4955.

Tables are given on pages 4956-4957 setting forth costs of various kinds of lumber per 1,000 feet, and comparisons of averages per 1,000 feet for the months of March to August, 1921, inclusive. "The United States is cutting its timber four times as fast as it is growing it; timber is being cut and destroyed 5.6 times faster than the growth. Other facts about the disappearing forests of the United States are cited and stress is laid on the fact that a tariff on lumber can not be reconciled with the United States conservation program. Any tariff duties imposed will increase domestic mill prices and bring about an unwarranted advance in lumber prices to consumers. Shingles, listed in paragraph 408 of H. R. 7456 for a tariff of 50 cents per 1,000, should be placed on the free list. A statement of wages being paid on October 4, 1921, by 28 logging operations in British Columbia (p. 4994) shows that this wage scale approximates or exceeds the general scale of wages in the United States.

NOTE.—A large part of Mr. Conn's testimony and submitted documents is controversial in character, dealing with statements made in behalf of other interests.

Hearings: Pages 5009-5010.

Witness: Mr. Harrison Hatton, representing the Northwestern Lumbermen's Association, Minneapolis, Minn.

Costs and selling prices.—In the face of freight advances of from \$2 to \$5 per thousand, retail prices were brought down during the last year all the way from \$10 to \$25 per 1,000 feet on various grades of lumber. The members of the association have reduced overhead charges on the handling of lumber more than 50 per cent.

Size of industry.—The organization comprises 2,800 retail lumber yards. Its members are carrying on their books the accounts of more than 65,000 farmers for a total of more than \$85,000,000.

Rates suggested.—A brief submitted sets forth that the organization is opposed to any tariff of any description. The position of the membership is that the trend of prices to the consumer is downward, and that anything which even indirectly obstructs this recession in prices is against sound public policy. Any tariff on lumber and shingles will tend to increase costs to the ultimate consumer. The yards of members are now absorbing more than 4,000 cars of Canadian lumber annually, and for this reason they are directly concerned in this tariff issue.

Hearings: Page 5011.

Witness: Mr. Fred J. Bruce, representing the New York Lumber Trade Association, New York City.

Rates suggested.—At a general meeting of the association on April 20, 1921, resolutions were passed expressing strong disapproval of H. R. 7456. It was urged that the proposed tariff is directed against Canada, the association's best per capita customer, buying almost \$2 worth of American goods as against \$1 worth of her's sold here. The falling off in European and foreign trade renders

it inadvisable to jeopardize the Canadian market. No protection is needed by the American lumber industry; the revenue from a tariff would be inconsiderable, and the danger of retaliation would arise.

Witness: The Western Pine Manufacturers' Association. (Brief; no separate appearance at hearings, but Mr. Donald D. Conn (pp. 4949-5009) represented the association and another interest.)

The association would have been represented before the Ways and Means Committee, but it was inconceivable that the committee would indorse any tariff on lumber. The association inclosed with its brief communications from the following:

Mr. E. Bruce Hill, director of the National Retail Lumber Dealers' Association.

Mr. Nelson Morgan, Washington representative of the Western Pine Manufacturers' Association.

Representative Andrew J. Hickey, Washington, D. C.

Representative Fish, of New York.

Also, copy of a resolution unanimously adopted by the American Farm Bureau Federation, Washington, D. C., April 22, 1921.

These statements exhibit a general agreement in regard to the necessity of conserving domestic lumber resources and to the calamitous effect on the building industry which the imposition of an import duty would produce. Representative Fish states that the proposed duty of 25 per cent ad valorem on finished lumber would mean an increase of approximately \$250 to the cost of every \$5,000 house, and an annual increase in building cost of at least \$200,000,000. Mr. Nelson Morgan points to "the dire need of a million and a quarter new houses in this country," and it is stated elsewhere that all retailers of lumber and building materials throughout the United States ask that all lumber remain on the free list. The brief itself affirms that the proposed duty will in many cases wipe out the benefits of State legislation fixing low rates of interest on building loans and exempting new building from taxation.

Witness: Brady Bros., wholesale pine lumber, Tonawanda, N. Y. (Brief; no appearance at hearings.)

Remarks.—The brief is particularly directed against any duty on Canadian white pine, and charges that "sinister and active elements, for their own selfish interests, are now * * * attempting to put an import duty on lumber." The brief characterizes such a duty as detrimental to the best interests of the public; economically unsound; jeopardizing present good trade relations with this country's best customer—Canada—and liable to evoke retaliation. It can not be regarded as essential in a protective sense, will be negligible as a revenue producer, and saddle an additional burden on the consuming public.

Cited figures show that Canada buys from the United States substantially \$2 worth of commodities for every \$1 worth sold, these figures including even all the lumber and all the wheat imported from there. The seriousness to Canada arising from the erection of a tariff wall against her, and the impetus to retaliation thereby produced, are dwelt upon.

As regards the effect upon the ultimate (American) consumer, it is regarded as a natural sequence to a duty on Canadian lumber that the American manufacturer will advance his price by approximately the amount of the duty. On a basis of 40,000,000,000 feet of lumber manufactured in this country annually, it is estimated that the bill to the American consumer would be increased by \$80,000,000.

The brief contains several tables showing, in particular, the itemized values of Canada's total imports and the very large proportion of these going from the United States.

PARAGRAPH 1685.—DESIGNS AND SKETCHES USED IN THE INDUSTRIAL ARTS.

WITNESS.

FAVORING HIGHER DUTIES:

The Association of Wallpaper Designers of America and Textile Designers. (Brief; no appearance at hearings.)

Costs and selling prices.—Certain designs can be created in Germany at an equivalent cost of \$6, which could not be produced in the United States under \$40.

Rates suggested.—A duty of 100 per cent ad valorem is asked for.

Remarks.—Industrial designs and sketches have been protected by the tariff, but recently the law has been interpreted in such a way as to remove all protection. (T. D. 38368, G. A. 8331.)

It is stated that several important New York designers have given up their studios and have begun to import foreign designs. Some are opening studios in foreign countries.

PARAGRAPHS 1685 AND 1687.—WORKS OF ART.

WITNESS, AND INTEREST REPRESENTED.

FAVORING PROPOSED DUTIES:

Mr. John Quinn, representing the American Federation of Fine Arts.

REQUESTING RECLASSIFICATION:

The Netherlands Chamber of Commerce in New York. (Brief.)

Hearings: Pages 5011-5028.

Witness: Mr. John Quinn, representing the American Federation of Fine Arts.

Rates suggested.—The federation is opposed to the imposition of any import duty upon original works of art of any kind, whether modern or over 100 years old.

The witness suggested that the wording of paragraph 1685, "original drawings in pen and ink or pencil and water colors," be changed to "original drawings in pen, ink, or pencil, or water colors." Also that the wording in the same paragraph should be changed to admit, free, etchings and engravings 20 years old, as "artists' proof etchings" are construed to mean artists' proofs signed by the artist.

Remarks.—In the course of his testimony, the witness submitted, as a brief, a statement by Mr. Robert de Forest, president of the Ameri-

can Federation of Arts, originally appearing in the American Magazine of Art, September, 1921. This appears on pages 5015-5018.

Witness: The Netherlands Chamber of Commerce in New York. (Brief; no appearance at hearings.)

Remarks.—Attention is called to paragraph 1685, providing for original drawings and sketches in pen and ink or pencil and water colors. This has been interpreted to mean that these articles, unless a little touch of water color is added to them, can not be imported into this country free of duty. It is claimed that the following wording would overcome this difficulty: "Original drawings and sketches in pen and ink or pencil or water colors."

The provision in paragraph 1687 with respect to collections in illustration of the progress of the arts, etc., imported in good faith for exhibition at a fixed place, makes it impossible to exhibit the collection at different places without the placing of a new bond for each place. The same privilege is asked for collections of this sort as is granted to those enumerated in paragraph 1686.

PARAGRAPH 1688.—WORKS OF ART IMPORTED EXPRESSLY FOR PRESENTATION TO AN INCORPORATED RELIGIOUS SOCIETY.

WITNESS.

REQUESTING RECLASSIFICATION :

Cardinal Dougherty, archbishop, Philadelphia, Pa. (Brief; no appearance at hearings.)

Rates suggested.—The following changes are desired in paragraph 1688:

Insert the words "or established" after the word "incorporated."

Include within the term "other works of art" (a) church windows and (b) church altars. To accomplish this, insert after "pictorial paintings on glass" the words "stained or painted glass windows and parts thereof, and architectural works of art."

Paragraph 1688, if revised in accordance with the suggested changes, would read as follows:

Works of art, productions of American artists residing temporarily abroad, or other works of art, including pictorial paintings on glass, stained or painted glass windows and parts thereof, and architectural works of art, imported expressly for presentation to a national institution or to any State or municipal corporation or incorporated or established religious society, college, or other public institution, and excluding any article, in whole or in part, molded, cast, or mechanically wrought from metal within twenty years prior to importation; but such exemption shall be subject to such regulations as the Secretary of the Treasury may prescribe.

Remarks.—It is claimed that the bill as it now reads will not allow the free entry, in all cases, of works of art imported for presentation to Catholic churches, for the reason that the Catholic Church is not incorporated in many of the States. The constitutions of some of the States even forbid the incorporation of any religious society.

NOTE.—Paragraph 655 of the act of 1913 was held to extend the privilege of free entry to houses of worship, whether or not incorporated.

H. R. 7456, paragraph 1688, as referred to the Committee on Finance, contains the following: "including stained or painted glass windows imported by houses of worship," which, however, was not in H. R. 7456, paragraph 1687, as introduced into the House.

PARAGRAPH 1688.—STAINED-GLASS WINDOWS.

WITNESSES, AND INTERESTS REPRESENTED.

FAVORING HIGHER DUTIES:

Mr. Walter West, representing the Decorative Glassworkers' Association.
Mr. Edward F. McGrady, legislative agent of the American Federation of Labor.

Mr. Otto Heinigke, representing National Ornamental Glass Manufacturers' Association.

The American Art Glass Co. of Columbus, Columbus, Ohio. (Brief.)

The Ornamental Glass Manufacturers' Association of Philadelphia. (Brief.)

FAVORING PROPOSED DUTIES:

Mr. James H. Ryan, representing the National Catholic Welfare Council. (Brief.)

Hearings: Pages 5028-5031.

Witness: Mr. Walter West, representing the Decorative Glassworkers' Association.

Costs and selling prices.—During the last 20 years or more, American manufacturers of stained windows have been unable, on account of price, to compete with any of the European houses, particularly German and Austrian. England's best work is 25 per cent cheaper than that of American make. Competition with German and Austrian firms is a total impossibility; there is only one solution to the problem—a tariff based on the American valuation plan. American manufacturers want a tariff because of the difference in wages, and need protection against the commercial, i. e., not the high-grade windows. German wages are 14 cents per hour as compared with American of 80 cents per hour. It is the European wage scale that permits 70 per cent of the church work in the United States to go to European establishments.

Size of industry.—American manufacturers claim an output of some six or seven million dollars per year, and assert that importations were never more than \$200,000 annually.

Comparability.—American manufacturers can do the very best work that is produced in the world. In the stained-glass industry, it is not considered that any good windows come from Germany; they are at best considered of a mediocre character. The following statements are taken from letters from Catholic priests:

You have helped to prove the truth of my contention that our stained-glass concerns in this country can do work in no way inferior to the makers of church windows abroad.

Artistically it is just as good as any of the samples from the best European firms, and mechanically it is far better than the samples of the very best European firms.

The witness referred in a copious brief (pp. 5032-5049) to a controversy originating with a German importer (Mr. F. X. Zettler, of Munich), and giving rise to certain statements by his agent, Mr. Louis Merkel, and another importer, Mr. Manton M. Wyvell. Mr. Merkel, the brief states, asserts that windows from Germany are carried out in real antique glass and that they can not be reproduced in this country. And Mr. Wyvell is quoted as saying:

When antique glass is specified for an order the domestic manufacturer will import the same, at a high cost; he also makes continuous efforts to bring

European glass painters and workers over here where the technique of stained glass is but little known.

Commenting on these illustrations, it is noted that a window made in Munich, costing \$1,100, was installed in St. Bernard Church, Dayton, Ky., by Pastor (Catholicism). It is in memory of a young man killed in France and is a gift to the church from his mother. A further statement by Mr. Weyell alludes to the claim made by Mr. Nader, of Dapraut Studio, Union Hill, N. J., to the effect that a certain window containing 100 square feet can not be produced in his studio for less than \$1,500.00, excluding payment of a 10 per cent. In this connection Mr. Weyell says:

This statement alone should be sufficient to condemn all the claims of the organization, because American manufacturers of stained-glass windows never asked more than from \$100 to \$400 for a window of this size delivered and set in place, including their profit. For a window imported from Europe, duty free, a price of at least \$500 to \$700 will be asked, if of the same size and richness. . . . Since then, the independent content, the art has improved enormously and the new "artistic glass" which binds the great industry to windows and to buildings in various parts of Europe in 100 different shades and is used there extensively, while here the cheap and artistic "architectural glass" is forced into windows and thus leaving the art in an undistinguished one. Better examples of modern still have foreign artists in designing these windows have been and more try to surpass the highest being and sentiment that have been in the past. . . . Stained-glass windows are works of art of high character, representative of the Christian art of various institutions. . . . In Europe stained-glass windows in the churches are not only to draw call for windows, while such windows are practically unknown here.

It is also noted that the witness states a duty of 50 per cent on stained glass. He states further that on January 1, 1922, the following: "The following stained or painted windows, glass or stained or painted glass windows were imported by houses of worship."

Hearings: Pages 544-545.

Witness: Mr. Edward F. McGrath, legislative agent of the American Federation of Labor.

Cost and value of windows.—In letters from Austria and Germany are able to offer windows in America for \$2.00 per square foot that cost the American manufacturer \$2.75 per square foot to produce. The difference in this price is so great that no tariff will adequately protect the American worker from the American valuation plan.

Size of industry.—In June, 1921, four small concerns in Germany reported that they had secured \$50,000 worth of orders on stained glass windows in the United States, and at that particular time 15 of the largest concerns in the United States had only \$10,000 worth of orders.

Rates suggested.—The witness wishes that the committee will give the glassworkers the only adequate relief—an import duty, based on American valuation, that will be high enough to protect the American worker from cheap European labor and broken-down foreign exchange.

Remarks.—The witness refers to a brief which he understood had been submitted by the Rev. John J. Burke, general secretary of the National Catholic Welfare Council, favoring a provision that ornamental stained-glass windows, works of art, even when stained, may enter this country free of duty. In that brief it was stated that, if the National Catholic Welfare Council or the hierarchy of the Catho-

lic Church of the United States were convinced that an American worker would suffer by the free importation of stained-glass windows, they would not seek to combat petitions presented to the committee in favor of an adequate tariff.

Hearings: Pages 5050-5058.

Witness: Mr. Otto Heinigke, chairman tariff committee, National Ornamental Glass Manufacturers' Association of the United States and Canada.

The witness took up the question of stained-glass window production as affected by the technical record of statistics. In the past, the sympathy of Congress has been enlisted for the church by the importers. This industry is subject to great fluctuations; during the war churches withheld almost all orders, and before the war production might range between \$200,000 and \$500,000.

Labor, including high-class artists, accounts for 70 per cent of the costs. German manufacturers quote for windows at from \$1.50 to \$4 per square foot, while the cost in domestic factories is \$9.46 per square foot. As regards the quality of American commercial windows, it is neither better nor poorer than the imported.

Witness: The American Art Glass Co., Columbus, Ohio. (Brief; no appearance at hearings.)

Comparability.—The average stained window is offered by German importers for \$3.26 per square foot—less than before the war. The same window costs American producers \$12.76 per square foot—twice as much as before the war—wages accounting for 70 per cent of that cost. Sixty per cent of the regular men of the company are unemployed. These windows are not necessities to churches, but luxuries. The churches are wealthier now than ever before, and these windows are gifts from their wealthiest members—people who have profited by the war.

One German manufacturer states that he has orders for \$140,000 worth of windows for American churches. Another had \$80,000 worth, six months ago. There are two other German houses, each of which has probably twice as much as either of those mentioned. A hurried canvass of the 15 largest producers in the United States indicates that all producers together have not \$150,000 worth of orders, owing to the tremendous advantage possessed by the Germans in their wage scale.

"The incongruity of above situation is that hereafter, when a memorial window for American soldiers is to be erected, it will be manufactured by the nation that killed him—the Germans—while the American manufacturer, who has been called on to sacrifice both blood and money for victory, will be without work."

Every Republican tariff has protected this industry, and it does not seem fair that the party which has so protected and encouraged it should now permit it to be destroyed by foreign competition.

The churches are the only customers. The firm will appreciate anything done to save this business for American workmen and American capital.

Witness: The Ornamental Glass Manufacturers' Association of Philadelphia. (Brief; no appearance at hearings.)

House bill 7456, as reported by the Ways and Means Committee, gave protection to American manufacturers on stained and painted

glass windows. An amendment to paragraph 1467, made in the floor of the House, permits the only members of this product to import it free—a provision which would better the entire American market to the German manufacturers. The integrity of this statement is apparent.

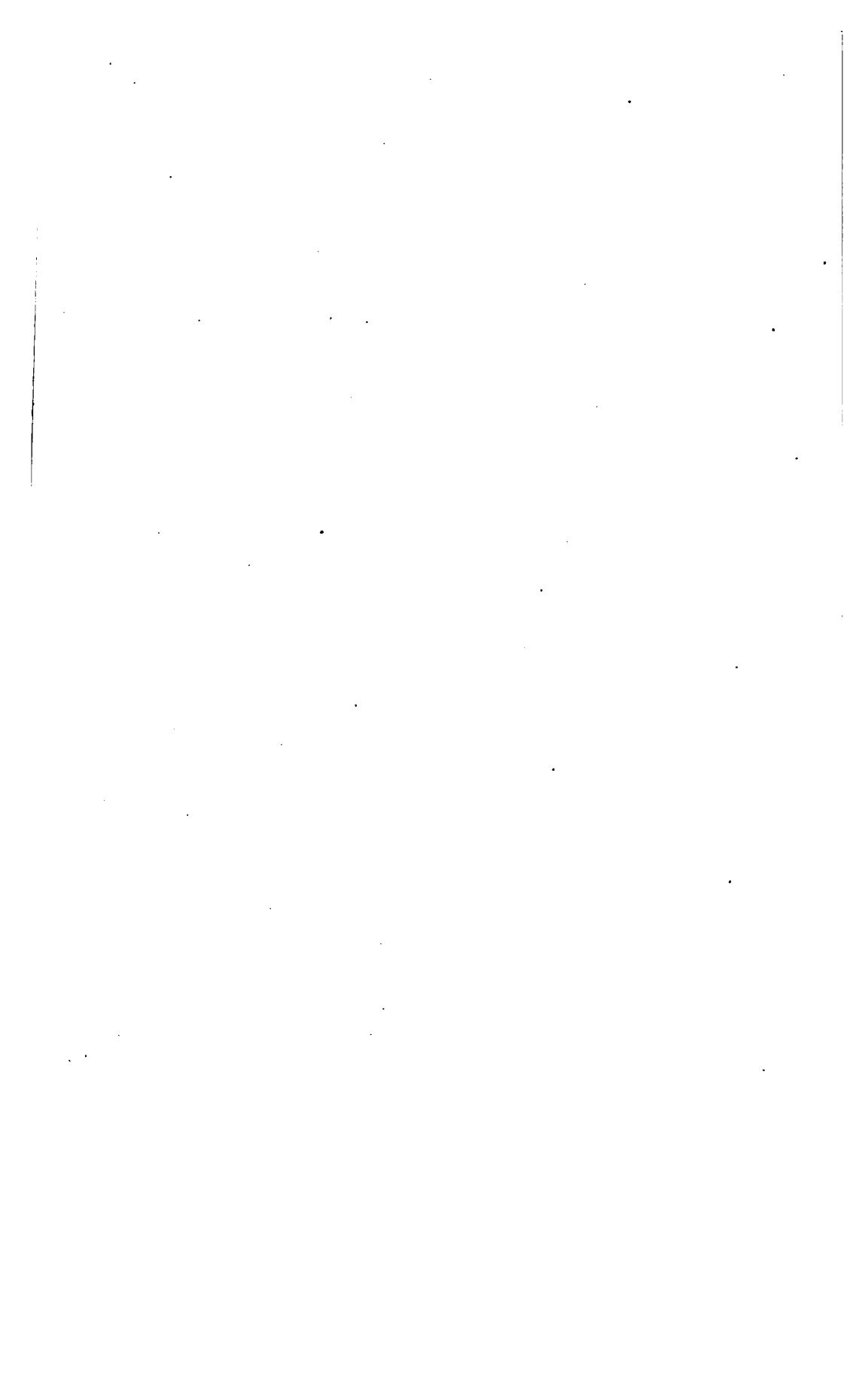
Every Republican tariff has given protection to this industry and the business of American manufacturers has prospered under it.

An attached petition signed by manufacturers, artists, and craftsmen of the industry, asks that paragraph 1467 of the bill be amended so that it will read as reported by the Ways and Means Committee.

Hearings: Pages 506-507.

Witness: Mr. James H. Ryan, representing the National Catholic Welfare Council. Brief.

The brief is a reply to statements made by other witnesses and affords an opportunity of renewing the question of imposing an import duty on stained glass. In requesting free admission it is stipulated that no windows are to come under this privilege unless they are of artistic merit and that only if imported directly by houses of worship. Emphasis is laid upon this product being the work of artists rather than of artisans, just as in the creations of a sculptor or a portrait painter.





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